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## NEWS SUMMARY

### GENERAL

## Egypt delays Palestine talks

Egypt postponed Palestinian autonomy talks, due to start in Alexandria yesterday, in a continuing row over the status of Jerusalem.

President Sadat said the talks would be delayed until he received a "positive reply" to a protest note sent to Israeli Premier Begin and President Carter.

The note condemns Israel's new law which declares Jerusalem its undivided capital, and says Egypt considers it illegal. *Back Page*

### Man shot dead

Man believed to be a member of the part-time Ulster Defence Regiment was found shot dead in his car just over the border in the Irish Republic.

### Labour call

Shadow defence spokesman Bill Rodgers, one of Labour's so-called Gang of Three, called on Mr. Callaghan to end uncertainty over the party leadership. **Editorial comment, Page 16**

### 'Fuel trick' probe

Shadow minister called for an urgent probe into charges that the aircraft which made a forced landing in Devon last month may have been tricked out of fuel in Spain.

### Fire 'suicide'

Police are investigating the death of a young unemployed man who is believed to have set himself alight on isolated moorland near his home in Consett.

### 80 today

Armfulls of flowers, cards, telegrams and some 40 cakes are among hundreds of gifts which have arrived at the Queen Mother's London home for her 80th birthday today.

### Kampuchea talks

UN secretary-general Kurt Waldheim said in Hanoi some progress had been made in reconciling conflicting proposals for defusing the Kampuchea crisis. **Page 2**

### East-West date

West German Chancellor Schmidt and East German leader Erich Honecker will hold their long-delayed talks between August 27 and 31 in Rostock. **Page 2**

### Vet's warning

Vets urged that everything possible be done to breed out unwanted *characteristics* in dogs after a young child was "scalped" in an attack by a pet collie.

### Ballerina's plea

Bolshoi ballerina Lyudmila Vlasova, who a year ago left her defecting *husband* in New York after an international incident, has applied to join him.

### Tyke's turn

Yorkshire fast bowler Graham Stevenson and wicket keeper David Bairstow were named for the England team for the Fifth Test. *They replace Bob Willis* and Alan Knott.

### Wells welcomed

Thousands lined Edinburgh streets to welcome home Olympic sprint star Alan Wells. In Moscow, the Olympic flame was extinguished to mark the end of the 22nd Games. **Olympic Challenges, Page 15**

### Briefly . . .

**Premium Bond prize winners are: £100,000—24RS 267158, £50,000—6FP 078050 and £25,000 —6BZ 256467.**

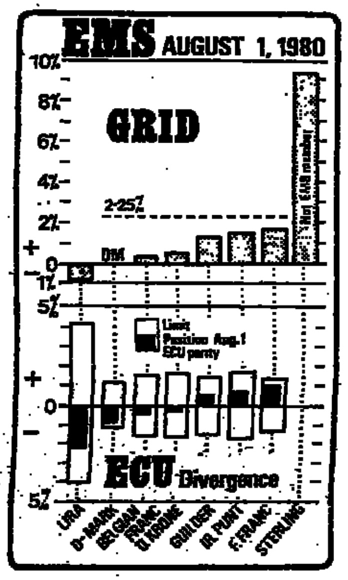
### BUSINESS

## Falling demand is main factor

● **FALLING** demand rather than labour costs is now a main factor affecting the size of workforces, according to the latest Financial Times survey of business opinion. This has become *relatively much more significant* in the past few months, indicating that companies do not regard the recent rise in redundancies as predominantly workers pricing themselves out of jobs. **Page 6 and Back**

● **MONOPOLIES** Commission has vetoed the £80m takeover bid for Highland Distilleries by Canadian drinks group Hiram Walker, Gooderham and Worts. **Back Page**

● **BARCLAYS** and National Westminster are the world's biggest commercial banks in terms of profitability in 1979, according to a bank research group. **Page 4**




*The charts show the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lire) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.*

● **ITALY'S** lira was again the European Monetary System's weakest member last week but maintained the generally firmer trend seen in July, helped by the authorities' tight monetary policy and tourism revenue.

The French franc remained the strongest currency, followed by the Irish punt and the Dutch guilder. The Danish krone was steady around the middle of the system, unmoved by speculation of a cut in Denmark's discount rate.

Belgium's franc stayed above the rather weak D-mark, showing little reaction to the 1 per cent cut to 12 per cent in the Belgian discount rate. Both the German and French authorities moved to help domestic money markets and lower interest rates.

● **IRAN** has had to pay an extra £1bn for imports—an increase of 20-25 per cent—since the U.S. economic boycott, according to President Abolhassan Bani-Sadr.

● **HONG KONG'S** money supply M3 and domestic credit leaped by 6.5 per cent and 5.3 per cent in June, taking the 12-month rise to 39.7 per cent and 50.6 per cent respectively. **Page 2**

● **LINDGARDEN**, the bulb-growing co-operative of Spelding, Lincs, has broken into the U.S. market with an order for 6m daffodil bulbs, won after four years of checks by American officials.

● **PANAVISTA**, a bedroom furniture manufacturer which was near bankruptcy two years ago, expects to double turnover this year and is considering a third working shift to deal with orders. **Page 25**

## CONTENTS



# Italy stunned as Bologna blast claims more victims

BY RUPERT CORNWELL IN ROME

ITALY is still trying to absorb the shock of what is probably the bloodiest terrorist outrage in Europe since the war—the explosion which destroyed a large part of Bologna's central railway station on Saturday morning, leaving 86 dead and a final death toll likely to be *considerably higher*.

The explosion wounded more than 200 people, and 20 of them are dangerously ill in hospitals in and around Bologna. An unspecified number of foreign tourists were among the victims.

It is now clear that the blast was caused by a bomb left in the station waiting room, and that terrorists from the clandestine neo-Fascist far Right are probably responsible.

Sig. Ugo Visti, Bologna's chief public prosecutor, said yesterday that the case is being formally treated as "a massacre directed against the security of the State."

The Government will set out its views in Parliament today. Messages of sympathy have flooded to the city. Strikes and protest demonstrations will take place throughout the country today.

The political consequences of the massacre are impossible to assess. If the past is any guide, the immediate result will be a closing of the country's democratic ranks.

Italy has a tradition of extraordinary resilience, nowhere more so than in the well-ordered and *civic-minded city of* Bologna, long the showcase of efficient Communist local government.

President Sandro Pertini was in Bologna within three hours of the explosion. Many Government Ministers and politicians also went there, and Sig. Francesco Cossiga, the Prime Minister, yesterday chaired an emergency meeting of the Communist-led municipality.

Investigators tried for as long as possible to avoid the conclusion that the explosion had been deliberate.

Underground boilers at the station were found to be intact. A gas leak and a subsequent explosion were ruled out.

Final proof came before midnight on Saturday, when firemen discovered a crater nine inches deep and five feet across, and fragments nearby which seemed to have come from a timing device.

Investigators now think that 40 kilograms of dynamite equivalent exploded in a suitcase placed on the ground. The strength of the floor directed the blast upwards and outwards, reducing the first- and second-class waiting rooms to rubble and killing dozens.

More people died as bricks, metal and glass sprayed the train standing at the nearest platform.

Lumps of masonry flying into the station square killed two taxi drivers.

It seems likely that the device was placed to explode when it would cause maximum damage—in a station crowded with holidaymakers on the first Saturday of August.

The most obvious suspects are Italy's Right wing extremists, until recently comparatively dormant.

*Three hours after the blast*, an anonymous caller to La Republica, the Rome daily, claimed responsibility on behalf of the NAR (Nuclei Armati Rivoluzionari) ultra Right movement. Police are treating the call as genuine.

Continued on Back Page

# Money supply rise more than expected

BY SAMUEL BRITTAIN AND PETER RIDDELL

THE PRELIMINARY July money supply figures, due tomorrow, will show a much larger rise than has been expected, following the end of the corset controls on the banks in mid-June.

Consequently, a decision on further reductions in Minimum Lending Rate is likely to be postponed until after the first indications of the August banking figures, due in about a month's time.

The inflation rate is coming down sooner than expected. The 16½ per cent 12-month rate of increase in the retail prices index, officially forecast for the end of this year, is almost certain to be achieved before.

The July index, due at the end of next week, is expected to be in the range of 16.7 to 17 per cent above a year ago. This compares with a 21 per cent rate in June.

The Government believes the more evidence there is of a fall in the inflation rate the easier

**Desirability of MLR cut splits City, Page 4**
**Lombard, Page 14**
**Business Opinion, Survey, Back and Page 6**
**Lex, Back Page**

it will be to fix cash limits for the public sector within the money supply target. This is to be reduced to the 6 to 10 per cent range in 1981-82. This factor also explains why the cash limits will be fixed as late as possible.

Most immediate attention is on tomorrow's monetary figures City markets have become more apprehensive about the possible increase since the decision not to change MLR last Thursday and following official warnings that switching of lending back within the measured money supply after the end of the corset has probably been faster and larger than expected.

It now appears that the rise in the money supply in the next few months, because of the unwinding of the corset distortions, is likely to be a great deal higher than the 4 per cent figure estimated in the last fortnight. These distortions are principally the comercial bill and Eurosterling leaks, which are forms of lending outside the main monetary measures.

Continued on Back Page

# Building society funds up

BY MICHAEL CASSELL

**THE VOLUME of funds flowing into building societies has climbed back to one of the highest levels for 18 months, although demand for mortgages continues to weaken.**

**Early estimates suggest that the societies' net receipts were between £300m and £350m during July, as against £206m in June. The inflow was the highest since October, 1979, when it reached £544m.**

**The pattern of rising receipts is usual for the societies at this time of year, although some of the increase must be attributed to their improving competitive position. When set against the significantly lower-than-expected level of demand for home loans, the good receipts could prove instrumental in bringing building society interest rates down.**

**The Council of the Building Societies Association, which recommends the interest rate structure, is not due to meet again until September. But members have undertaken to convene a special session if, in the meantime, there is another cut in Minimum Lending Rate.**

**It is generally accepted within the societies that their interest rates, now at record levels, will be lower by the end of this year, but will not necessarily fall as soon as other rates drop.**

**A 1 per cent cut in MLR may not lead to any immediate adjustment in rates paid to borrowers and investors, although any larger reduction would almost certainly have to be followed without delay. The weaker mortgage demand is the greater will be the pressure on societies to fall into line.**

# Councils fail to meet cuts target

BY ROBIN PAULEY

THE GOVERNMENT'S latest attempt to force local authorities to make further deep cuts in expenditure has failed.

Friday was the deadline for the 456 local authorities in England and Wales to resubmit hteir 1980-81 budgets. Mr. Michael Heseltine, the Environment Secretary, had asked for new budgets to show a 2 per *cent cut on 1978-79 actual* expenditure when it had looked as if local councils might exceed their current account budgets by £730m, or 5.6 per cent, this year.

Only about half the councils had replied by Friday, although lacol authorities are notoriously late with all returns and most will probably have replied by the end of this week.

But returns already in apparently show cuts far below the target, and officials think there is now little hope of reaching anywhere near it. Many authorities are understood either to have resubmitted their original figures or moved them around without actually cutting.

This will strengthen the hand of the Treasury hawks who have been convinced for some time that Mr. Heseltine "cannot deliver" on control of council spending. The Treasury put up the idea of a moratorium on capital projects as a possible punishment. Mr. Heseltine called for new budgets in a bid to regain the initiative.

The moratorium remains an option but has faded because of protests the idea aroused, the undesirability of attacking capital expenditure when revenue expenditure is over the mark, and the fact that when it was tried by the last Government it did not have the desired effect and caused chaos.

The collapse of its latest scheme comes at a very embarrassing moment for the Environment Department. The Local Government Planning and Land (No. 2) Bill, which also attempts to bring local authority spending under greater central control, comes up for second reading in the Lords tomorrow.

Local government is strongly represented in the Lords where several prominent peers, including Lord Greenwood and Lord Sandford, are expected strongly to resist the parts of the Bill proposing to replace the present rate-support grant system with the new block grant.

A report published today suggests that the method of payment of the new grant will be much more complicated than the old.

Under the present system councils can predict closely the final amounts of grant they will get under the various headings. Basically, grant is announced in November, a revision is made the following year to iron out any inaccuracies and to readjust for inflation. A small, second adjustment may be made a year after that.

The report, "The Method of Paying Block Grant," by Tony Travers, of North East London Polytechnic, says that under the new system the overall grant allocation for all authorities will be announced in November, as before.

But there will then be five revisions over nearly three years befor the final figures are known. This is largely because the new system of grant will be based on actual expenditure: the present system is based on revenue requirements.

"The new method will make grant entitlements less certain, more staff will be needed at central and local level to handle all the revisions, and there will be a temptation to overbudget as this will lead to bigger grant allocations in the first instance and, therefore, a cashflow advantage.

"There is also likely to be more central government involvement in the grant allocation process," says the report

# Decision soon on British Shipbuilders ownership

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A SHARP political debate over ownership of British Shipbuilders comes to a head this week when the Prime Minister tries to enforce her view that the corporation should be sold back partly to the private sector.

The Government wants to make a statement on this so-called "privatisation" issue before Parliament rises for the summer recess at the end of the week. A decision may be taken at a small meeting of Ministers in the next couple of days, or at Thursday's Cabinet meeting.

The main debate is over the speed with which private-sector capital should be brought back to the industry. One idea canvassed is that the more profitable warship yards of Vickers, Vosper and Yarrow should be hived off separately and partly sold to the private sector, leaving the rest of the industry fully nationalised for the time being.

An early decision is needed because Mr. Robert Atkinson, British Shipbuilders' new chairman, is revising plans for the industry following its £110m loss last year.

Further losses are expected in the current year and the Government will decide in a few months' time funding arrangements.

Partly because of these financial problems, arguments have been mounted in Whitehall against taking any immediate "privatisation" action. These have won the support of Sir Keith Joseph, Industry Secretary, and of other Ministers.

Mr. Robert Atkinson urges this line, although he is believed to have accepted that some private capital might be taken into the full corporation (along lines planned for British Aerospace and British Airways) in a couple of years' time.

He and senior colleagues argued that an early announcement that some of the industry is to be partly denationalised quickly could damage stability and morale of shipyards fighting to make themselves sufficiently profitable to survive the world-wide shipbuilding recession.

But the issue has become bound up with rows over financial compensation to former private owners of the industry's more profitable warship yards. Mrs. Thatcher has been persuaded that these yards should be offered back soon to the private sector as separate *businesses*.

She is supported by Mr. Michael Heseltine, Environment Secretary, a leading Conservative opponent of nationalisation four years ago.

When this split among Cabinet Ministers developed last week, it was decided that senior Ministers should examine in detail implications of timing and nature of any denationalisation. Most Ministers agree that their General Election manifesto pledge should be fulfilled. The main debate is about timing.

But there will be discussions about whether "privatisation," when it does occur, should involve injection of private capital to the whole of British Shipbuilders, or whether the corporation should be broken up.

There seems less support among Ministers for permanently maintaining the corporation as an entity than there is for delaying any action for a couple of years.

**More State industry news Page 4**

# 'Tory Party given £2.5m by companies'

BY JAMES McDONALD

BRITISH COMPANIES gave a record £2.55m to the Conservative Party "and their allies" last year—election year—compared with £1.81m in 1978, the Labour Research Department, an independent trade union *research organisation, claims* in its latest study of the subject.

The department's annual survey of companies' political donations, published today in Labour Research, discovered 445 companies giving money to the Conservatives last year compared with 403 in 1978.

Out of last year's £2.55m total £1.6m, or 63 per cent, went directly to the Conservative Party. Another £726,500, or 28.5 per cent, went to the "mysterious industrialists' councils, believed to be another *source of funding* for the Conservative cause," says Labour Research.

The "mysterious industrialists' councils" are listed as: British United Industrialists and various regional councils and protection associations such as City and Industrial Liaison Council and Northern Industrialists' Protection Association.

The Labour Research Department says it believes these bodies act as a channel for funds from industry to the Tory Party but "because of the mystery surrounding these bodies it has been difficult to get a definite confirmation of this."

Labour Research claims its figures understate the true position *because it has been unable* to investigate all 600,000 limited companies which have to show political donations of over £50 in their annual accounts. The figures merely indicate the donors of the largest sums.

Insurance companies, says the survey, "proved the strongest Tory champions" with 23 giving a total of just over £248,000. In the building and civil engineering industry 23 companies gave nearly £166,800, while 86 engineering companies gave £150,600, 31 banks and finance houses *£137,700*, and 30 food and tobacco companies £129,600.

The list of individual companies giving directly to the Conservative Party is topped by Consolidated Gold Fields and Rank Organisation, each at £50,000.

Labour Research could find no companies giving money to the Labour Party and only £1,500 was given to the Liberals, including £1,000 from the Playboy Club.

# Plea to alter tax rules for options

By Alan Friedman

THE FUTURE of the Stock Exchange's traded options market could be in jeopardy unless the tax rules for writing options are soon altered, Mr. Peter Stevens, the chairman of the Stock Exchange's Option Committee, warned yesterday. The present provisions of the Finance Bill placed an unfair tax burden on options writers.

Under present laws, capital gains tax is charged on the writing of an option without being offset by a subsequent repurchase by the writer. The buying and selling of options, however, is treated like a normal security transaction.

Mr. Stevens and Mr. David Steen, chairman of the Stock Exchange's traded options panel, recently met Inland Revenue and Treasury officials in an effort to resolve the problem.

An amendment to the Finance Bill had earlier been expected, Mr. Stevens said, but it was now too late for this course of action.

Mr. Steen commented: "Until very recently we had no doubt that the matter would be dealt with. We were absolutely astonished that there have been no amendments to the Finance Bill."

# OVERSEAS NEWS

## Schmidt, Honecker fix date for talks

BY ROGER BOYES IN BONN

CHANCELLOR Helmut Schmidt of West Germany will hold his long-postponed talks with Herr Erich Honecker, the East German leader, between August 27 and 31. The meeting, now confirmed by officials, will be the first formal summit between the East and West German Heads of Government for more than 10 years.

The visit has already raised high expectations in the ranks of the Christian Democrat opposition which has been urging the Chancellor to secure concrete concessions from the East Germans, such as the lowering of the age limit for pensioners allowed to emigrate to the West.

But West German officials have been at pains to stress that wide-ranging results cannot be expected. The Bonn Government has invited Christian Democrat leaders to form part of a delegation to the summit—apparently a tactical move designed to disarm CDU criticism. The Christian Democrats will probably reject the offer but Count Otto Lambsdorff, the Free Democrat Economic Minister, is expected to attend the talks.

Helmut Schmidt: an invitation to CDU

The dates for the visit, though confirmed privately, have not been announced formally for protocol reasons. Herr Honecker has first to hold talks with Mr. Leonid Brezhnev, the Soviet leader, about the general framework of the meeting with the Chancellor.

The German leaders are expected to focus on two main subjects at their talks which will be held in the Rostock area: the improvement of West Berlin's links with West Germany across East German territory and the improvement of energy supplies to West Berlin. Both projects are likely to cost Bonn a large amount of money.

West Germany, for example, is likely to have to pay "several hundreds of millions of Deutsche Marks," according to one official, for the electrification of the railway line between West Berlin and the West German border. The Berlin energy project, which may involve a link-up with the planned gas pipeline from West Siberia to Western Europe, is also expected to be an expensive proposition for Bonn.

The West Germans seem prepared to stomach this in return for the strong symbolic value of the meeting. For Bonn the summit has the additional advantage of coming only two months before the general election. It can thus be used to demonstrate the Government's conviction that its Ostpolitik pays dividends and that the ruling coalition has not forgotten the welfare of West Berlin.

The way for a summit, which was delayed because of the Soviet invasion of Afghanistan, was cleared by the Chancellor's visit to Moscow at the end of June. As in his Moscow talks, the Chancellor is expected to raise the subject of Afghanistan and to reaffirm Bonn's loyalty and adherence to the North Atlantic Treaty Organisation.

## Attacks halt relief work in Uganda

ARMED ATTACKS on Save the Children Fund and World Food Programme food convoys in Uganda have forced the United Nations to suspend relief operations in the famine-stricken areas of Karamajong, John Worrell writes from Nairobi. In the past 10 days a driver of a Save the Children Fund lorry was machine-gunned to death by members of the local Uganda militia.

Four local employees in a World Food Programme convoy were wounded when it was attacked by armed raiders, and the lorry of the UN High Commissioner for Refugees was recently stolen by Uganda militiamen.

UN agencies have told Uganda's ruling military commission it must neutralise the local militia in Karamajong, and must improve general security, before they resume relief work.

The drought has broken in Karamajong, but the famine continues, since at least seven parties of armed raiders have virtually stripped the area of cattle, grain and goods.

### Bolivia cuts links

Bolivia's new military rulers have broken relations with Nicaragua, after its repeated efforts to convene a meeting of the Organisation of American States Foreign Ministers to discuss the situation in Bolivia following the July 17 coup, Mary Helen Spooner writes from La Paz.

The Bolivian Foreign Ministry charged Nicaragua with supporting sanctions against the new regime, and that this was blatant interference in Bolivia's internal affairs.

### Bridges blown up

Rebels on the island of Espiritu Santo in newly-independent Vanuatu (formerly the New Hebrides) blew up two important road bridges over the weekend, according to a senior official last night, Reuter reports from Port Villa. The bridges were on roads linking Santo's main town of Luganville with Hog Harbour on the east coast and Tangoa Island off the southern cost, he said. A joint force of 200 British Marines and French paratroopers who landed on Espiritu Santo 10 days ago have confined themselves mainly to Luganville, while the rebels have remained active in the rural areas.

### Ghazni battle

Soviet forces have taken command of the Ghazni garrison, south of Kabul, after 4,500 of the 5,000 Afghan army troops there deserted or joined the Moslem insurgents, according to a report from Afghanistan yesterday, AP reports from New Delhi.

With the end in sight of the bloody 16-day battle at Ghazni, Soviet forces launched a massive ground and air offensive against the rebels at Tangi Wardak, west of the capital, where about 200 Russians and 300 insurgents had been killed so far, the report said. About 2,000 Russian troops and 400 tanks and armoured vehicles were fighting an insurgent force which earlier seized an Afghan army base at Tangi Wardak, killed 15 political officers, and captured the soldiers and their arms, the report said.

## Iraqi envoys accused in Berlin

BY LESLIE COLITT IN BERLIN

TWO ARMED diplomats from the Iraqi embassy in East Berlin have been charged in West Berlin with attempting to blow up a meeting of Kurdish students. The attempt was foiled when a third Iraqi, who was to have detonated the explosives, informed the West Berlin police.

The diplomats who do not enjoy immunity in West Berlin, may go on trial before being deported.

The two accused, Mr. Khalid Jaber, First Secretary at the Iraqi embassy in East Berlin, and an embassy driver are alleged to have ordered the third man to place an attaché case of explosives in a West Berlin youth centre where 37 students were meeting. The students, from Iraq, Iran, Syria and Turkey, are demanding autonomy for Kurds living in these countries.

The Iraqi embassy in East Berlin said the arrest of the diplomats, which took place after a police chase through the streets of West Berlin, was part of an "imperialist and Zionist plot."

Officials of the Western allies in Berlin are also involved in the case as they exercise ultimate authority in the city.

This is the second recent incident involving Iraqui diplomats in Western Europe. Two were last week expelled from Austria after an attempt had been made to bomb the Iranian embassy in Vienna.

## Jayawardene expected to agree to strike talks soon

BY STEPHANIE GRAY IN COLOMBO

SRI LANKA'S Government is expected to agree soon to talks with the leaders of the joint trade union action committee which is backing a strike by thousands of the island's workers.

This softening in the Government's attitude is expected to follow discussions between President Junius Jayawardene and Mr. A. Amirthalingham, leader of the Opposition and the Tamil United Liberation Front.

Measures against the strike have included the declaration of a state of emergency, Press censorship, a call-up of reservists, imprisonment of union officials and, according to union figures, the dismissal of 150,000 strikers.

The union demands consist of a R300 wage rise on an average R400 (about £11) monthly wage, payment of R5 per unit increase in the cost-of-living index and the ending of punishment of union members who took part in a day of action on June 5.

## Iran import costs up by 25%

WASHINGTON'S economic boycott of Iran had pushed up import costs by almost one quarter, President Abol Hassan Bani-Sadr said in an interview released in Bonn yesterday.

Iran has had to pay $2.5bn (£1bn) more for imports since the U.S. action, an increase of about 20-25 per cent, President Bani-Sadr told a Frankfurt newspaper.

But the President added: "The spiritual factor showed itself to be stronger than material ones in the Revolution."

The U.S., which imposed sanctions on Iran to try to bring about the release of U.S. hostages held since November 4, had counted on bringing Iran to its knees by this winter, he added. "But I believe that this is the same calculation that was made at the time of Vietnam."

Iran could not do without modern economic structures if only because 1m new jobs had to be created each year. The main goal was, however, to mobilise Iran's forces to build a new society.

Tehran's relations with Europe were guided by the principle that Iran wanted to become an independent country. If Europe wanted to co-operate, "then we shall follow a policy of understanding."

Reuter

## Hong Kong M3 leaps 6.5%

BY PHILIP BOWRING IN HONG KONG

MONEY supply in Hong Kong (M3) leapt by 6.5 per cent in June and domestic credit by 5.3 per cent.

The figures brought the rise in domestic credit over the past 12 months to 50.6 per cent. M3 was up 39.7 per cent over the same period. The statistics combine figures of both banks and deposit-taking companies.

Although exceptional factors were present in June, the 12-month increase is being viewed with alarm by many observers. The figures explain the current high level of liquidity in the banking system which a week ago led to a 2 per cent cut in the prime rate to 10 per cent. But the fall in prime rate can only exacerbate problems of excessive money growth.

Some bankers believe that increases have now reached a magnitude which threatens a sharp fall in the value of the Hong Kong dollar.

The Government attributes the June increases to "an extremely active stock market in the last 10 days of June." That is a clear reference to Sir Yue-Kong Pao's spending of HK$2bn (£170m) to acquire control of the HK and Kowloon Wharf Company. How much of the purchase was financed by loans from local financial institutions is not known. But June quarter banking figures show a 16 per cent rise in loans for consumers and stock purchases.

## 'Progress' in Thai border talks

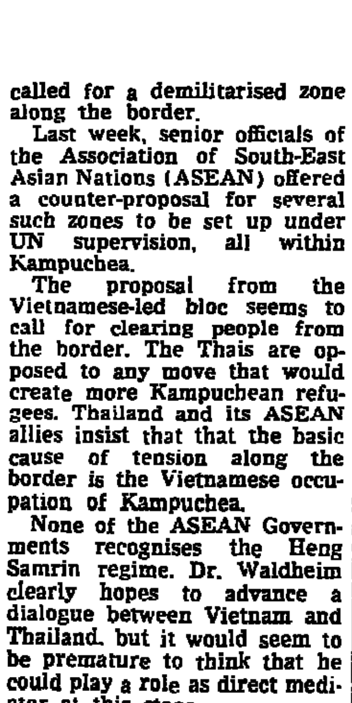
BY OUR BANGKOK CORRESPONDENT

SOME PROGRESS has been made towards finding common ground for defusing the border tension between Thailand and Kampuchea, Dr. Kurt Waldheim, United Nations Secretary-General, said in Hanoi yesterday.

After a three-hour meeting with Nguyen Co Thach, the Vietnamese Foreign Minister, Waldheim, who arrived in the North Vietnamese capital on Saturday, acknowledged the problems were still very complex.

Today, the UN Secretary-General is expected to carry what one of his aides called "clarifications" of the Vietnamese position to Bangkok, for two days of talks with Thai officials.

Dr. Waldheim has intervened in the conflict at a moment when compromise would appear possible. In Vientiane in mid-July, the Foreign Ministers of Vietnam, Laos and the Heng Samrin regime in Kampuchea called for a demilitarised zone along the border.



Dr. Kurt Waldheim: position clarified

Last week, senior officials of the Association of South-East Asian Nations (ASEAN) offered a counter-proposal for several such zones to be set up under UN supervision, all within Kampuchea.

The proposal from the Vietnamese-led bloc seems to call for clearing people from the border. The Thais are opposed to any move that would create more Kampuchean refugees. Thailand and its ASEAN allies insist that the basic cause of tension along the border is the Vietnamese occupation of Kampuchea.

None of the ASEAN Governments recognises the Heng Samrin regime. Dr. Waldheim clearly hopes to advance a dialogue between Vietnam and Thailand, but it would seem to be premature to think that he could play a role as direct mediator at this stage.

## Army on alert as tension eases in Assam

BY K. K. SHARMA IN NEW DELHI

AN UNEASY peace settled on the troubled state of Assam over the weekend, after student leaders announced they had decided to call off a 10-month agitation over the demand for deportation of "foreigners" from the state. The army stayed on alert in the area.

Yesterday, it was not entirely clear that the Government would initiate the agreement which led to the decision to call off the agitation. It was announced that the Government was deferring implementation of its part of the agreement, pending "clarifications" from the student leaders.

What clarifications are sought is still vague, but are not thought to be serious enough to block the decision to terminate the agitation. The trouble has paralysed economic and official activity in Assam and the neighbouring states in India's strategic north-east region.

Under the agreement, all arrested students are to be released and the notification declaring Assam a "disturbed area"—which gives the army broad powers for control of law and order—is to be withdrawn.

The students will allow normal economic activity to resume except for the oil blockade. Assam produces nearly 4m tonnes of crude a year, a third of India's total production.

This means that crude oil will still not be allowed to be transported to refineries outside Assam. Thus, the students continue to wield a powerful weapon. Withdrawal of the oil blockade will depend on a satisfactory settlement over the demand for deportation of the "foreigners"—mainly Bengalis from Bangladesh and from the Indian state of West Bengal. Talks on this are to begin on August 11.

The agitation has left considerable bitterness, and this is bound to have an impact on relations between the Assamese and the rest of India.

Other states neighbouring Assam are also affected by the "foreigners" issue

# WORLD TRADE NEWS

## Italimpianti wins £25m furnace deal

By Rupert Cornwell in Rome

ITALIMPIANTI, the engineering subsidiary of the IRI-Finsider steel group, controlled by the state, has won a L50bn (£25.4m) contract to supply a blast furnace to the steelworks complex under construction at Siexal, near Lisbon in Portugal.

The contract, which includes the supply of high technology ancillary equipment and the training of Portuguese personnel, is for a fully automated blast furnace with a capacity of 1m tonnes of cast iron per year.

Italimpianti won the order in the face of competition from some of the major steel groups in France, the U.S., Japan, West Germany and Britain. It follows new contracts for the Genoa-based concern in both Holland and East Germany for highly advanced steel furnaces. The technology offers a marked reduction in energy consumption, and an improved quality

## Volvo orders for UK parts reach £100m

By John Griffiths

BENDIX, THE Bristol-based motor components maker, has received an order worth £8m to supply Volvo of Sweden with air brake equipment for its heavy trucks range.

The order brings to £100m the total value of components being supplied to Volvo this year by UK component manufacturers.

Volvo claims it is now the single biggest export customer for Britain's components industry.

These orders are additional to components supplied to Volvo's assembly plant at Irvine, Scotland, which accounts for about one in three of all Volvo trucks sold in the UK.

## BL sells stake in N. Zealand

By Our Motoring Correspondent

BL has sold its 13 per cent stake in New Zealand Motor Corporation which has been assembling BL cars since 1976, to local institutional investors for NZ$3.17m (about £1.5m).

NZMC will continue to assemble and market BL's cars. But NZMC has also taken on assembly of Honda cars, and its dependence on the BL products has been steadily declining, according to New Zealand industry officials.

● The New Zealand Government has negotiated a Y6bn (£11m) loan from a Japanese banking consortium headed by the Japanese Export-Import Bank. Our Wellington correspondent writes. The loan will be used to finance imports of Japanese telephone electronic systems

## Iran pulls out of Korean plant

SEOUL—National Iranian Oil Corporation (NIOC) has agreed to sell its 50 per cent share in a joint venture refinery here to its South Korean partner, the Ssangyong group, according to reports.

The two sides had put up $17m each in equity investment for the joint venture, named Korea-Iran Petroleum Company.

The reports said the State-run NIOC agreed to sell its share for $20m by withdrawing its original demand for $60m.

The refinery, Korea's fourth, with a daily processing capacity of 60,000 barrels, was built at a total cost of more than $150m.

AP-DJ

## Tourists spend £113m in China

HONG KONG—About 2.7m tourists visited China the first six months of 1980, spending $270m (£113m), a rise of 28.6 per cent from the year earlier period, according to Peking Radio monitored in Hong Kong of the 2.7m visitors, some 500,000 were guests of the Chinese Government. In order to invigorate the tourism industry, China has launched a campaign to increase hotel facilities in various cities.

● China's state bank, the People's Bank of China, has been authorised to provide Yuan2bn (£578m) in loans to the light and textile industries next year, the New China News Agency reported. Half of the money will be distributed in the third quarter of this year and the rest in 1981.

China is placing greater emphasis on the light and textile industries during its economic readjustment period to boost export earnings and provide more domestic consumer goods.

Agencies

## Soviet Union urges end to flags of convenience system

BY WILLIAM HALL, SHIPPING CORRESPONDENT

The Soviet Union and its allies have added their weight to the growing pressure to outlaw flags of convenience shipping fleets. They are proposing that an international convention should be drafted which would govern the rules of registration of ships under national flags.

The Soviet Union plus other Eastern European countries have submitted a proposal in the form of a draft resolution which will be considered by the ninth session of the Committee of Shipping of the United Nations Conference on Trade and Development (UNCTAD). The Committee meets at the beginning of next month in Geneva.

The developing countries, represented by the Group of 77, have never hidden their keenness to phase out flags of convenience fleets, but the Soviet initiative is the hardest proposal to date.

Until now the debate among the developing countries has centred on the mechanism for phasing out flags of convenience but this has been overtaken by the Soviet resolution which proposes that the ideal instrument is an international convention.

The Soviet proposal says that the increasing and uncontrolled transfer of open-registry fleets (the technical term for flags of convenience) encourages speculative trends and is therefore harmful to the orderly development of international shipping.

The existence of a genuine link between a vessel and its flag of registry is the basic precondition for effective jurisdiction and other control by the flag state over the trading operations of the vessels as well as over administrative, social and technical aspects of shipping.

The Soviet Union argues that an international convention governing the rules of registration of vessels under a national flag and stipulating criteria for the economic link between a vessel and its country of registry is "necessary and appropriate."

The Soviet Union wants the United Nations General Assembly to convene a UN Conference on the Convention on Standards of Registration of Vessels under a National Flag in 1983.

Although the developed countries represented by Group B are not going to support the Soviet initiative, the fact that the Russians have gone to the length of drafting a resolution indicates that the flag of convenience issue is still very much alive

### SHERRY SALES

## Spanish demand worries British

BY GARETH GRIFFITHS

BRITAIN'S MINISTRY of Agriculture has started negotiations with the Spanish Government over the future of the £400m a year UK market for the various types of sherry.

Spanish sherry exporters, with the support of their government, have told both the UK Government and the European Commission, that they expect the term sherry to be used exclusively for Spanish products once Spain has joined the EEC.

British sherry producers who use grape concentrate to produce British sherry are concerned that such demands overrule a decision by the Chancery division of the High Court in 1967, allowing the use of the terms British sherry, Cyprus sherry, South African sherry and Australian sherry.

Spain is pressing for sherry to be treated by EEC members as a strict geographically defined product in the same way as Scotch whisky, cognac, Beaujolais or Bourgogne. Such a definition, if applied, would overrule the High Court decision.

The British fortified wine industry, which produces sherry in the UK, is worried that if the Spanish Government succeeds in insisting on the rigid definition of the term sherry, its sales could suffer.

Home produced sherry has shown considerably more growth than imports of Spanish sherry. In the year ending April, 1980 Spanish sherry clearances in the UK numbered 6.39m cases, the same figure as in 1979.

By contrast, British wine clearances rose from 6.45m cases to 7.07m cases. At least 80 per cent of the clearances were British sherry and the industry believes Spanish and British sherry both sell roughly the same amount — about 12m gallons. British sherry sales appear to be particularly strong in the North of England and Scotland. British sherry is excluded from the EEC wine regime.

The National Association of British Wine Producers has told Ministry of Agriculture it expects the Government to support the 1967 High Court decision. If the Ministry gave way, wine producers would have to switch to brand names and drop the generic term British sherry.

The European Commission has told the Ministry of Agriculture it regards the sherry affair as a bilateral affair between the two governments. The Irish Government is engaged in a parallel set of negotiations over the much smaller Irish sherry market.

South African and Cypriot sherry exporters are being represented in the negotiations by the Ministry of Agriculture. Last year Cyprus exported about 4m gallons of sherry to the UK and South Africa about 650,000 gallons. Australian sherry exports have declined markedly since the 1960s.

## Home brewing industry eyes American market

BY OUR INDUSTRIAL STAFF

HOME BREWING equipment manufacturers in Britain hope to revive their flagging fortunes by boosting exports to the U.S.

Sales of home brewing equipment have been hit by sharply rising prices in the shops and the general recession. The home brew bonanza of the 1970s, with real average annual growth rates of 20 per cent plus, appear to be over. Sales this year are expected to be static at best.

A U.S. Congress decision to repeal a ban on home brewing last year, could provide an opportunity for the industry to offset their sagging sales in the UK market. Sales in the UK this year are expected to be worth between £25m and £30m.

The relaxation of the U.S. ban has come to the industry, anxious to maintain its high growth rates. Home brewing wine and beer kits have sold well in the Mid West, and manufacturers optimistically talk of home brewing in the U.S. reaching the same sort of proportions as in the UK.

Viking Brews, a North Shields company which produces Geordie and Sarah's range of beer kits, is the most committed to the American strategy. This year it expects to sell £500,000 worth of beer kits through its Maryland subsidiary—equivalent to about 50 per cent of its UK sales. Exports in the past have usually been around 10 per cent, mainly to Canada, South Africa and Scandinavia.

The other larger companies, Tom Caxton (Reckitt and Colman), Unicorn (Robertson's) and Boots have become increasingly aware of export potential and several agency deals have been made overseas.

## Record U.S. paper exports

By Our Shipping Correspondent

U.S. PAPER and board industry exports rose to their highest level ever last year, amounting to 9m tons worth nearly $3.4bn. America is the world's largest producer of paper and board but until recently has not been concentrated on exporting.

Last year American paper exports rose by 17.1 per cent in volume terms and 30.2 per cent in value. The growth in export volume was roughly three times the rate of domestic productions.

According to the American Paper Institute, which released the statistics, the previous record year had been 1974 when 8m tons had been exported.

Western Europe remains the single biggest market for U.S. paper and board exports, taking 1m tons last year. The Western European percentage fell steadily between 1972 and 1975 but has remained relatively stable since.

The U.S. has been increasing its paper exports to Oceania and the Far East. The strength of the Japanese yen against the dollar has been one of the main factors helping U.S. exports.

The buoyancy of paper exports is causing increasing concern in many European countries. The domestic industries are struggling with the world recession and fear that the downturn in the U.S., coupled with the depreciation of the dollar, will encourage U.S. exporters to increase their share of the European market that do not have the same

### SHIPPING REPORT

## Coal trades buoyancy boosts freight rates

BY WILLIAM HALL

THE BUOYANCY of the Hampton Roads coal trades has been the most notable feature of the dry cargo markets over the past week.

Despite congestion problems, half a dozen 50,000 tonners were fixed, bringing the number of fixtures over the past fortnight to around 14 vessels. Rates for Panamax vessels on the Hampton Roads/Japan run have broken through the $23 per tonne level and there were reports of $23.25 per tonne with the likelihood of further increases as the number of suitable ships falls.

The strength of the U.S./Japan coal trade is beginning to affect other trades and Galbraith's weekly bulk carrier report notes that rates in the transatlantic coal trades are starting to harden in sympathy. Elsewhere, the fact that over 50 ships are lying idle off the Australian coast because of strikes and congestion is helping to underpin the market.

In the important U.S. Gulf/Continent grain trades Denholm Coates reports that rates for 50,000 tonners have reached $17 per tonne (against $15 per tonne a fortnight ago). For larger vessels the improvement was less marked and charterers were able to hold the rate down to $15 per tonne for 70,000 tonners. Indeed, there was one report of a grain cargo being fixed at $14.50 per tonne.

This end of the market is particularly sensitive to the number of oil/bulk/ore (OBOs) that have switched out of oil and into dry cargo. Denholm believes that 72 per cent of OBO tonnage is in dry cargo currently — the highest to date.

In the tanker markets the position of the VLCCs deteriorated still further, if that is possible. Average sized VLCCs were being fixed at Worldscale 23.5

Galbraith's report that according to its records some 20 ships of between 200,000 dwt and 400,000 dwt are waiting for cargoes in the Arabian Gulf.

## Kenya to import Gulf oil direct

THE Kenyan Government is to set up a new company to import oil direct from Gulf suppliers, mainly Iraq. The company, which will be known as the Kenya Oil Corporation, will be independent of any other oil company.

The Minister for Energy, Mr. J. H. Okwanyo, said the decision to set up the company was influenced by Iraq's need to export oil through government organisations rather than through middle men.

Two months ago Iraq agreed to sell crude oil direct to Kenya following President Daniel Arap Moi's visit to that country. Kenya will import 23m barrels a year direct from Iraq—half of the 46m barrels total which Kenya imports.

## World Economic Indicators

RETAIL PRICES

| | June '80 | May '80 | April '80 | June '79 | % change over previous year | Index base year |
|---|---|---|---|---|---|---|
| UK | 265.7 | 263.2 | 260.8 | 219.6 | 21.0 | 1974=100 |
| U.S. | 247.1 | 244.7 | 242.6 | 216.6 | 14.1 | 1967=100 |
| W. Germany | 116.6 | 116.2 | 115.6 | 110.1 | 5.9 | 1976=100 |
| Italy | 183.3 | 181.6 | 180.0 | 151.9 | 20.7 | 1976=100 |
| France | 248.7 | 247.2 | 245.0 | 219.2 | 13.4 | 1970=100 |
| | May '80 | April '80 | Mar '80 | May '79 | | |
| Holland | 133.2 | 132.9 | 131.4 | 124.9 | 6.6 | 1975=100 |
| Japan | 137.4 | 136.2 | 133.9 | 127.0 | 8.2 | 1975=100 |
| Belgium | 140.6 | 140.2 | 140.0 | 132.0 | 6.5 | 1976=100 |

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# Civil engineering orders on decline

BY ANDREW TAYLOR

CIVIL engineering workloads continue to fall as order books decline, according to the latest inquiry by the Federation of Civil Engineering Contractors.

The workload survey done over the past month shows a further deterioration in the industry's fortunes, with order books falling in both volume and cash terms compared with six and 12 months ago.

Fifty per cent said order books were lower than at the beginning of the year while only 20 per cent said order books had improved. Over the 12-month period 58 per cent reported lower order books and only 22 per cent increased orders.

The position continues to deteriorate with fewer tender opportunities and growing competition for a lower level of work. More companies also report falls in the average value of contracts.

More than 70 per cent of respondents expect new orders to continue to fall over the next 12 months, compared with 64 per cent who expected falls in the last workload survey by the federation in April.

For repair and maintenance work 57 per cent of contractors expect declining orders over the next 12 months compared with 45 per cent in April.

"The further decline of the civil engineering industry shown in this survey, and the lack of confidence felt by contractors, underlines the disastrous effects the threatened moratorium on new local authority construction work spending would have on the industry.

"We cannot believe the Government can contemplate such further action against the private sector in an attempt to find a short-term solution to the problem of local auhority spending", the Federation said.

# Royal Naval Dockyards face reorganisation

BY WILLIAM HALL

THE GOVERNMENT is expected to announce later this week a major reorganisation of the Royal Naval Dockyards, the largest industrial enterprise within central Government.

The plans are believed to involve major cuts in employment and overtime working with efforts to place the four UK dockyards on a more commercial footing and make them more accountable in line with other nationalised industries.

The Government's proposals, which will be released in the form of a consultative document on Wednesday, have been framed against the background of the serious decline in productivity at the dockyards. Frequent industrial disputes, high labour turnover and a loss of skilled workers have led to the creation of a backlog of work over the last couple of years, which is now damaging the Royal Navy's defence capabilities.

In 1974-75, the dockyards, which prepare Britain's warships, completed 13 major refits at a cost of £75m, and 59 normal refits costing £59m. Last year, the dockyards completed only nine major refits costing £176m, and 37 normal refits costing £123m. Over the same period, dockyard overheads had doubled to £146m a year.

In some cases recently it has taken considerably longer to refit warships than it took to build them. A growing amount of work is being placed outside the dockyards with British Shipbuilders and the private sector, but there are limits as to how far this can continue. Outside yards are not equipped to refit nuclear submarines, for example.

More UK news on Page 25

There are four Royal Navy dockyards in the UK, at Devonport, Portsmouth, Chatham and Rosyth, and one overseas in Gibraltar. They employ around 30,000 people.

Until 10 years ago, the Royal Dockyards built warships. Over the past decade, they have concentrated on repair and refitting work. Chatham and Rosyth are mainly involved with nuclear submarines, Portsmouth concentrates on guided missile destroyers and large ships, and Devonport undertakes the major share of the Leander frigate refits with some nuclear submarine work.

As a result of pay restraint and competition from private sector employers, many skilled craftsmen, who comprise more than half the dockyard's workforce, have been lured away. This has resulted in falling productivity and a deterioration in industrial relations.

Soon after it was elected, the Government launched a review of Civil Service activities aimed at identifying possible savings from improved efficiency and the curtailment or elimination of functions. The Royal Dockyards were identified as one of the major areas for study. The other areas were research and development, and supply management.

Last October, a study group was established to examine the role, organisation and structure of the Royal Dockyards and how they might best be organised to meet the requirements of the Royal Navy over the next two decades "taking account of recent manpower and productivity trends."

# Limits eased on industry borrowing

By Anatole Kaletsky

THE GOVERNMENT has decided to relax some of its controls on nationalised industry borrowing. An announcement is expected from the Treasury giving details of a more flexible approach to cash limits on external financing.

Arrangements for borrowing from the National Loans Fund will also be modified to give the nationalised industries more freedom to vary the loan period and reduce their reliance on expensive loang-term debts.

The rigid application of cash limits has become the main bone of contention between the nationalised industries and Government.

The industries argue that cash limits have undermined their longer-term planning, forced them into unprofitable window dressing operations, and even led to high prices and reductions in profitable investment.

# Desirability of MLR cut splits City

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CITY ECONOMISTS are split on the desirability, as well as likelihood, of a further cut in Minimum Lending Rate in the near future.

Analysts agree the rate of monetary growth may remain above the upper end of the official target range for the next few months. This is likely both because of strong demand for bank loans from financially squeezed companies and because of strong demand for bank loans from financially squeezed companies and because of the switching back of lending within the measured money supply after the end of the corset controls.

Barclays Bank economists, in their UK financial survey, say that without the recent confidence of gilt-edged investors, the monetary and interest rate outlook in the coming months would be bleak.

Barclays economists said: "The fact that the money supply in real (inflation-adjusted) terms may be lower than originally intended, and that the private sector is bearing a disproportionately high burden, may justify further interest rate reductions even if money supply growth remained outside the target range for a whole.

"In any event, the scope exists for a substantial fall in interest rates over the next nine months."

Phillips and Drew, brokers, say in their latest monthly analysis that while monetary growth has not been brought decisively under control, there may be a further, cosmetic, reduction in MLR.

The brokers estimate that the impact of the end of the corset should be partially offset by an improvement in public-sector borrowing, continuing heavy sales of gilt-edged stock, favourable external flows, and a reduction in the underlying rate of bank lending as the recession deepens.

If all goes according to plan, MLR could be cut from the present 16 per cent to 13 per cent by the end of 1980.

# Joseph challenges Finniston

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

MINISTERS will decide this week on plans by Sir Keith Joseph, Industry Secretary, for a new independent body to regulate the engineering profession and draw up new methods for education and training. An announcement is expected before the end of the week.

The proposed body would be set up by Royal Charter and be responsible to the Privy Council. The proposal thus rejects the central recommendation by the committee of inquiry chaired by Sir Monty Finniston, whose report was published seven months ago, that such a body must be statutory to give it the necessary authority to regulate the profession.

Sir Keith's solution gets him out of the predicament of agreeing to a new "quango" authority, which he would find hard to justify among his colleagues. But it also represents probably the majority of opinion canvassed by the Department of Industry over the last few months, which increasingly veered away from the statutory solution. In particular, the Confederation of British Industry, which is believed to have favoured initially a statutory solution, finally came down on the side of a body responsible to the Privy Council.

Before the CBI made known its decision, however, several leading employers, including Sir Terence Beckett, chairman of Ford, and Sir William Barlow, chairman of the Post Office, had voiced support for the Finniston proposal. The TUC, and the trade unions most closely concerned with the professional engineer—TASS (the white-collar section of the engineers) and the Engineers' and Managers' Association—are firmly in favour of a statutory authority.

The professional institutions will mostly favour Sir Joseph's solution. Many people in the engineering profession felt that the Finniston recommendations would have gone too far in downgrading the work of the institutions. There has also been intense lobbying of senior Ministers by the Fellowship of Engineering (set up a few years ago as an elite engineering body to counterpart the Royal Society) that it should manage a new body. But this is likely to be rejected by Sir Keith

# Barclays is world's biggest bank

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

BARCLAYS BANK and National Westminster Bank are now the largest and second largest commercial banks in the world in terms of 1979 figures for equity in net earnings, according to IBCA Banking Analysis, the London-based bank research group.

IBCA's figures also show that only two foreign banks—Bank of America and Citicorp—are bigger than Britain's other big clearers, the Midland and Lloyds groups. The comparison reflects the 1979 record results of the British clearers, as well as the strength of sterling. IBCA says the big clearers' results for 1979 were particularly remarkable in the international context. "Most large foreign banks registered a reasonable but unspectacular year and in some such as Germany, high interest rates caused considerable pressure on profits."

IBCA's report suggests that lack of competition in the domestic retail market is an important factor in the British clearer's high level of profitability: "How much of the British banks' record results is due to superior management rather than cartel pricing is left for the reader to assess."

The report is essentially a statistical comparison of 76 British banks. It is split into three groups: clearing and other major banks; accepting houses and consortia; other wholesale banks.

The profitability of the latter category—the "Euro-banks"—as measured by the key indicator of return on assets, was shown to have declined on average in 1979.

This was caused by the combined pressures of lower interest margins and front-end fees, cost inflation, and the impact of a strong pound on banks whose operating costs are largely sterling-based but whose revenues are primarily dominated in dollars.

The 48-bank average return on assets fell slightly from a three-year high of 0.57 per cent in 1978 to 0.52 per cent in 1979. Twenty banks actually reported a lower absolute net income for 1979, while 24 showed a lower percentage return on assets.

IBCA analysts had great difficulty in preparing the report because of the limited usefulness of the information published by British banks.

The group wants the Bank of England to use its authority to improve and standardise bank accounting and disclosure. However, it is not too optimistic about this. "The paternalistic view that the general public and even financial analysts are too naive and too untutored to be told the facts seems likely to prevail.

"The Bank of England is now receiving more information from the banks its supervises, but not much is being revealed in annual reports.

"Experience in the U.S. has shown that increased disclosure reinforces prudential supervision; it also fosters competitiveness, a quality that British banks urge on the rest of the economy." The Accounting Standards Committee also comes in for criticism for going "out of its way to avoid hurting the delicate sensitivities of the banks."

# Tuke plans new career at RTZ

Michael Lafferty talks to Sir Anthony Tuke, who retires soon as Chairman of Barclays Bank and becomes Chairman of RTZ

SIR ANTHONY TUKE, at the age of 60, is looking forward to a new career. He is giving up his chairmanship at Barclays Bank after seven years to take over at Rio Tinto Zinc, the mining and industrial group which is one of Britain's largest multinationals.

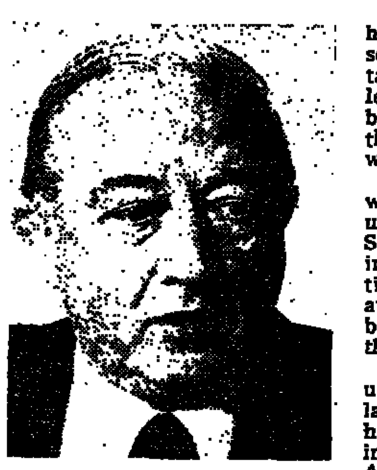
It is an unusual move for a senior clearing banker, but Sir Anthony comes from a bank in many respects different from the rest of the pack. Unlike some other clearing bank chairmen, he has been brought up in the business. He is also a descendent of one of the families which founded Barclays at the end of the last century.

Sir Anthony seems well satisfied with progress at Barclays. "Our major expansion abroad has come in the past seven years. I hope we are recognised as the international leader of the British banks."

He does however see a number of weaknesses in the group's international strength. "We should like to be stronger in South America and the Far East, and we will have to build up our existing interests in the U.S. and Western Europe."

For political reasons Africa is a diminishing market for Barclays, although it still has interests in more African countries than probably any other bank.

Most significant is Barclays National Bank of South Africa, a 60 per cent subsidiary. By 1985-86 this stake will have to be reduced to below 50 per cent, but the link still poses problems for the bank in its dealings with other African nations. "We have to equate the unacceptable philosophy of apartheid on the one hand, and on the other the great importance of South Africa to the West for raw materials. We would not want it to go the way of Angola."



Sir Anthony Tuke

Sir Anthony says Barclays wants to invest anywhere in the world where it is welcomed and there is profitable business to be done.

Retail expansion at home is another theme which Barclays and their chairman have stressed over recent years. The UK's vast unbanked population—somewhere between 40 and 50 per cent of adults do not have a current account—is something the banks have to tackle, he says. The main problem Sir Anthony sees for the banks is to give working people the service they want when they want it.

Does this mean the cleaners will have to stand up to their unions on matters such as Saturday opening? Sir Anthony implies that such a confrontation is unlikely in the immediate future. "Plastic cards may be the way to make the breakthrough," he says.

Does the present system, under which the clearers make large profits during periods of high interest rates, encourage inefficiency in British banking? Are banks over-staffed and employees overpaid?

Sir Anthony will say only that it is more difficult during periods of high profits to resist high pay claims. "Our negotiations have not been made easier by Government statements."

He is moving from the City at a time when the Bank of England's role as a banking supervisor is becoming much more formal—to the dismay of many bankers. But Sir Anthony is not a critic: "We must wait and see what emerges. The City had got so big that the old system was under strain."

From the boardroom of RTZ he will be well-placed to judge the new system. "The more I learn about RTZ's problems the more I find they are the same as those of an international bank," says Sir Anthony.

# BUSINESSMAN'S DIARY

## UK TRADE FAIRS AND EXHIBITIONS

| Date | Title | Venue |
|---|---|---|
| Current | International Gifts Fair (01-855 9201) (until Aug. 7) | Olympia |
| Aug. 13-15 | Computer Graphics Exhibition (09274 28211) | Metropole Hotel, Brighton |
| Aug. 14-15 | Ideal Home and Leisure Exhibition (0202 20327) | Newcastle University |
| Aug. 17-23 | British Music Fair (01-855 9201) | Olympia |
| Aug. 17-20 | The Piano and Electronic Organ Trade Fair (01-428 1590) | The Connaught Rooms, London, WC2 |
| Aug. 20-23 | Ideal Home and Trade Exhibition (06333 64538) | Leisure Centre, Pontypool |
| Aug. 20-25 | Modern Homes Exhibition (0253 54676) | Guildhall, Preston |
| Aug. 23-25 | Trade and Entertainments Exhibition (0689 36431) | Moat Park, Maidstone |
| Aug. 23-30 | International Motor Cycle Exhibition (0203 27427) | Earls Court |
| Aug. 31-Sept. 4 | Giftware and Fashion Accessories Trade Fair (08833 4371) | Bristol Exhibition Centre |
| Aug. 31-Sept. 4 | International Watch, Jewellery and Silver Trades Fair (01-837 3636) | Earls Court |
| Sept. 1-4 | International Environment and Safety Exhibition and Conference (0727 55574) | Wembley Conference Centre |
| Sept. 1-5 | London Nursing Exhibition and Conference (01-643 8040) | Royal Festival Hall |
| Sept. 2-5 | International Carpet Fair (021-705 6707) | Harrogate |
| Sept. 7-12 | International Hardware Trades Fair (0727 63213) | Olympia |
| Sept. 9-2? | Chelsea Antiques Fair (0727 56069) | Chelsea Town Hall |
| Sept. 11-19 | International Printing Machinery and Allied Trades Exhibition—IPEX (021-705 6707) | National Exhibition Centre, Birmingham |

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

| | | |
|---|---|---|
| Aug. 8-17 | Modern Family Exhibition (02013 4450) | Hamburg |
| Aug. 10-14 | National Hardware Show | Chicago |
| Aug. 11-17 | International Fisheries Fair | Oslo |
| Aug. 19-Sept. 4 | International Exhibition of Agriculture and Food Industry—OMEC | Budapest |
| Aug. 20-Sept. 20 | International Fair | Izmir |
| Aug. 22-24 | Wellington Home Show | Wellington, New Zealand |
| Aug. 23-27 | World Woodworking Exposition | Atlanta |
| Aug. 26-29 | Offshore North Sea Technological Conference and Exhibition | Stavanger |
| Aug. 30-Sept. 3 | International Bridge and Structural Engineering Exhibition | Vienna |
| Sept. 4-9 | Jewellery, Gold, Silver, Clocks and Gifts Exhibition—BIJORHCA | Paris |
| Sept. 6-9 | International Leather Week (01-439 3964) | Paris |
| Sept. 10-18 | International Engineering Fair (01-278 0281) | Brno |
| Sept. 12-21 | International Autumn Fair (01-486 1951) | Zagreb |
| Sept. 16-20 | International Tunnelling Industries Exhibition and Conference—EUROTUNNEL (0727 63213) | Basle |
| Sept. 17-26 | International Office Equipment Exhibition—SICOB (01-439 3964) | Paris |
| Sept. 18-Sept. 23 | International Exhibition for Automobile, Motor Car Workshop, Service Station and Garage Equipment—AUTOMECHANIKA (01-734 0543) | Frankfurt |
| Sept. 19-24 | International Food Industry and Non-Food Products Exhibition—IKOFA (01-486 1951) | Munich |

## BUSINESS AND MANAGEMENT CONFERENCES

| | | |
|---|---|---|
| Current | Compower Training School: Basic COBOL (Cannock 2511) (until Aug. 15) | Cannock, Staffs. |
| Current | Bacie: Overseas Training Officers Programme (01-636 5351) (until Oct. 24) | Oxford |
| Aug. 4-6 | MSS: Inventory Management and Control (Worthing 34755) | Worthing |
| Aug. 6 | LCCI: Middle East and North Africa Section "At Home" (01-248 4444) | Cannon St., EC4 |
| Aug. 7-8 | British Institute of Management: Effective Speaking—Practice and Coaching using Closed Circuit TV (01-405 3456) | Parker Street, WC2 |
| Aug. 10-24 | University of Western Ontario: The 1980 International Symposium on Solar Energy Utilization | Ontario, Canada |
| Aug. 11-15 | CCC: Practical Introduction to UK Business Law (01-222 6362) | Trinity Hall, Cambridge |
| Aug. 11-12 | MSS: Principles of Work Study and Incentive Schemes (0903 34755) | Worthing |
| Aug. 11-22 | CEI: International Financial Management Seminar | Geneva |
| Aug. 18-19 | The British Institute of International and Comparative Law: Multinational Corporations and the International Law Standard (01-636 5802) | Royal Garden Hotel, W8 |
| Aug. 26-28 | FT Conference: Aerospace into the Eighties and Beyond (01-621 1355) | Royal Lancaster Hotel, W2 |
| Aug. 28-29 | BIM: Rapid and Efficient Reading (01-405 3456) | Parker Street, WC2 |
| Sept. 1-3 | Brunel Institute of Organisation and Social Studies: Understanding Production for non-production managers (0895 56461) | Uxbridge |
| Sept. 3 | Cyril Aydon Associates: Current Cost Accounting—the New Standard (seminar for financial specialists only—Banbury 720124) | Stratford-on-Avon |
| Sept. 4-5 | FT Conference: The new Sri Lanka—Opportunities for Business (01-621 1355) | Colombo |
| Sept. 7-12 | European Marketing Association: Marketing Management (021 742 4141) | University of Birmingham |
| Sept. 8-12 | IPM: The Work of the Personnel Department (01-387 2844) | Embassy Hotel, W2 |
| Sept. 10-12 | BCPA: Complete Course for Personnel Officers (01-405 1023) | Southampton Row, WC1 |
| Sept. 15-16 | FT Conference: Developing the Annual Company Report (01-621 1355) | Savoy Hotel, WC1 |







هكذا من الأحول

# Gas prices cause chemical protest

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE Chemical Industries Association has accused the Government of being complacent about the impact of high gas prices on competitiveness of British manufacturers.

Mr. Martin Trowbridge, director general of the association, says in a letter to all the CIA's member companies that high gas prices are now "a major impediment to the health and competitiveness" of the UK chemical industry.

The association knew "without any posssible doubt" that industrial gas prices are "far higher in Britain than those currently being charged to our competitors on the Continent."

The letter follows a speech last Tuesday in which Mr. Norman Lamont, Parliamentary Under-Secretary for Energy, said the difference between British and Continental industrial gas prices had almost certainly been "exaggerated" and that the cost of gas for fuel usually accounted for "only a few per cent or less of the average company's total costs."

But in his letter, Mr. Trowbridge says: "It is not some statistical average price that matters to companies using gas." The real facts of the situation were being "blurred by what we believe are partial and selective views of the position, drawing uncritically on British Gas Corporation and generalised European Economic Community inputs.

"Equally disturbing was Mr. Lamont's suggestion that UK industrial gas prices were not of any great competitive signifance being only a few per cent of total industry costs. The same might be said of the insignificance of a domestic gas bill in relation to family income, but Government, understandably, takes domestic gas prices very seriously indeed.

He said gas represented 30 per cent of the chemical industry's total energy bill and the gas cost differentials compared with West Germany and France represented cost penalties decisive in international cost competition.

"We find it disturbing that Government can be so complacent about such a major impediment to the health and competitiveness of our industry."

Letters, Page 16

# Electricity Board retail policy may be examined

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

AN INVESTIGATION into suggestions that the retailing policies of Electricity Board showrooms are being unfairly subsidised by electricity charges is being considered by the Office of Fair Trading (OFT) under the Government's new laws promoting competition in both private and public sectors.

and Mergers Commission strongly criticised British Gas's monopoly in gas appliance retailing.

The monopolies commission report drew particular attention to the fact that British Gas's high profits from its sale of gas had enabled its showrooms to maintain their dominance of the appliance retailing market.

The OFT has for several months been looking into complaints by independent electrical retailers that the Electricity Board showrooms had an unfair advantage because profits from electricity charges were being used to subsidies showrooms in prime High Street sites.

# Meeting in price dispute

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE LEADERS of the Electricity Council and the British Steel Corporation are to meet shortly in an attempt to solve their dispute over electricity price rises—but no early solution to the wrangle appears in sight.

BSC is concerned that rising electricity prices will further reduce its competitive position, and Sir Francis Tombs, the chairman of the Electricity Council, has already held one round of talks with its executives. Mr. Ian MacGregor, the new BSC chairman, could attend the next meeting.

BSC is particularly concerned about the impact of price rises on the viability of its electric arc furnaces in Sheffield and Scotland.

The British Independent Steel Producers' Association (BISPA) recently sent a separate appeal to the Prime Minister, complaining that recent fuel increases—in gas and fuel oil, as well as electricity—meant that UK producers were no longer able to compete with continental steelmakers

BSC is unlikely to reach an agreement with the industry easily. The Electricity Council seems to have little room for manoeuvre since price cuts to the steel sector would probably mean higher prices elsewhere.



# Directors' support for EEC declines

BRITISH business people are becoming increasingly disillusioned with membership of the European Community, according to a survey conducted for the Institute of Directors.

Only around 50 per cent of those interviewed believe membership of the EEC on present terms is beneficial to the UK: 73 per cent of those poled said their own companies had gained no extra business from EEC membership, and 58 per cent think that the EEC should erect tougher tariff barriers.

Mr. Walter Goldsmith, director general of the Institute, said that although his organisation was still committed to the EEC and had recently set up the IOD European Association, "we cannot ignore the growing disillusionment that this survey indicates.

"Our fear is that this disillusionment with Europe that undoubtedly exists will grow and could develop into a full-scale demand for withdrawal from the Common Market."

The survey, which was carried out in June-July after the latest British budgetary settlement with the EEC, showed that 85 per cent think most of the resources of the EEC should be devoted to industrial expansion. Only 22 per cent were in favour of agricultural support.

There is majority support for reducing taxation within the Community, increasing regional aid and cutting the social fund, while 70 per cent of the 414 people interviewed think the EEC should have a defence budget.

"The dream of greater prosperity for their companies and for the UK within the EEC is still a long way from being realised," Mr. Goldsmith commented.

He conceded that British business may well have been slow to exploit the trading opportunities within the EEC. "But it is equally true that the string of bureaucratic directives, the unfair trading practices allowed and, indeed, supported by other member states, and support for butter mountains rather than industrial expansion have created the disenchantment expressed by many of our members." Mr. Goldsmith argued.

● **FIBRE DECLINE:** The decline in UK manmade fibre production has continued to accelerate this year with figures for the first six month of 1980 showing a 16 per cent fall compared to the same period last year.

Total UK output of fibre and filament yarn, according to the British Man-made Fibres Federation, was 259,370 tonnes — compared with 308,030 tonnes in January to June 1979.

The decline appears to be increasing with production in the second quarter of this year down by 22 per cent to 125,520 tonnes. Production was maintained by a rise this year in overseas sales.

Exports accounted for 58 per cent of production during the second quarter, although the federation argues that much of the exports were sold at unprofitable prices.

Britain's man-made fibre industry has voiced increasing concern at the heavy pressure it is under from U.S. exports and what it views as EEC reluctance to act against such exports.

The federation calls the present circumstances "the relentless erosion of the U.K. textile industry's manufacturing base."

● **HOUSING SLUMP:** Planning permissions for new houses in the South East last year slumped to 40,000, reflecting the loss of confidence within the building trade.

Statistics published by the Standing Conference on London and South East Regional Planning show sufficient land left with unused planning permissions to build 280,000 new houses outside Greater London.

● **WATER RECORDS:** Water authorities and district councils are to discuss ways of improving records of sewers and water mains. In many areas inadequate records are hampering maintenance work and forward planning.

The Standing Technical Committee on Sewers and Water Mains, says some authorities are not even meeting the minimum level of records and in some areas only one-third of the sewer system is documented.

● **POTTERY SHORT-TIME:** A Stoke on Trent pottery, Royal Doulton table-ware, is to place 500 workers on a four-day week from today because the company says the slump in the world market has affected trade.

The announcement takes the number of pottery workers on short-time in Staffordshire to 10,000.

● **MILL REDUNDANCIES:** The last velvet cutting mill in the country, Olympia (Redacre), Stoke-on-Trent, is to close in October, with 30 redundancies. Employees have been on a two-day week since March.

# Contest for U.S. communications market

## Guy de Jonquieres looks at a bitter competition between British and French manufacturers

BRITAIN IS straining desperately to regain the lead in a bitterly contested race to supply the U.S. with advanced communications technology. It is in danger of being edged out, not by an American throughbred, but by an untried French entry.

At stake is the potentially vast U.S. market for teletext. This is a system for transmitting in textual form information like news headlines and weather forecasts from a computer to specially modified television sets. The information is sent on broadcast channels, using lines not taken up by normal television programmes.

American television networks and local stations have displayed great interest in the system. But the Federal Communications Commission (FCC), which regulates the industry, has insisted that a single national standard must be set for teletext before it can be offered as a public service.

To help it make up its mind, the FCC asked the U.S. Electronics Industry Association (ETA) to set up a special committee to evaluate the systems available and make recommendations. Mr. Joe Flaherty, a senior executive of CBS, which runs one of the biggest U.S. broadcasting networks, was appointed chairman of the committee.

The U.S. has no home-grown teletext technology, and until recently Britain had blithely assumed that its system would romp home the winner. Teletext was pioneered in the UK and both the BBC and Independent Television have been operating their services, Ceefax and Oracle respectively, for about five years. These serve about 50,000 subscribers, and the number is expected to rise to nearly 100,000 by the end of this year.

British companies have been looking forward to selling their teletext technology to the U.S. They have acquired a good deal of marketable expertise in designing the data-bases for the computers which generate teletext broadcasts, and in making the microchips fitted to television sets which receive the service.

Meanwhile, France has also developed a teletext system, known as Antiope, which is technically similar to Britain's but suffers from a major disadvantage. It is not yet in public service, and no date has been set for its introduction.

At present, Antiope is being operated on an experimental basis only, for selected audiences in Paris and Rennes. Moreover, microchips for French teletext receivers are not yet in commercial production: sets are linked to the service by means of cumbersome "black boxes" each made by hand.

Undeterred, France has set about promoting its system in the U.S. with energy and aggressiveness. Indeed, its marketing strategy has made Britain's gentlemanly efforts look more appropriate to a charity fund-raising drive.

While Britain has relied heavily on sending sporadic missions to the U.S., France has established a permanent 12-man marketing team there, with a headquarters in Washington and regional offices elsewhere.

The French have also assiduously cultivated political contacts. They have retained a former senior FCC official, with intimate knowledge of Washington, as an advisor and have even obtained a seat on the 22-man EIA committee evaluating the rival teletext systems. Britain is unrepresented on the committee.

But France scored its biggest coup last week when CBS abruptly announced that it planned to petition the FCC unilaterally to adopt Antiope as the U.S. standard. That move appears to signal CBS' effective withdrawal from the committee's deliberations, and Mr. Flaherty has stepped down from the chairmanship.

Only four committee members have declared themselves in favour of the system. But 12 others, including such powerful forces as RCA, owner of the NBC television network, and Zenith, the biggest U.S. television manufacturer, are said to prefer the British system.

Zenith has already placed sample orders for British teletext chips to be made by Mullard. And a recent study by Texas Instruments, the biggest semiconductor manufactnrer in the world, has concluded that chips for the UK system would be significantly cheaper to produce than those for Antiope.

British manufacturers have not abandoned hope of victory. They point out that France's U.S. lobbying effort has been carefully co-ordinated by Government officials

Britain's marketing, by contrast, has been left largely to the manufacturers, who have had to finance much of the cost themselves. The Department of Industry has lent encouragement but has only small amounts of money at its disposal. As a result, the UK's promotion campaign has looked distinctly amateurish and disorganised compared to the well-lubricated French machine.

The time still is limited if teletext is not to become yet another British technological innovation which failed for lack of proper marketing.

# Moran remand

LLOYD'S underwriter and broker Mr. Christopher Moran, 32, of Little Chalfont, Bucks, a former managing director of the Christopher Moran group, was remanded on £100,000 bail on Saturday. He is accused of conspiring to defraud Lloyds underwriters.

He and Mr. Derek Walker, 51, a director of Gooda Walker, who faces similar charges and was bailed in the same amount, were remanded until September 17 by Guildhall magistrates.

Conditions of bail were that they report regularly to the police.

# ICL cuts 600 ancillary jobs

BY GARETH GRIFFITHS

ICL, the largest British- and European-owned computer company, is to slim down two of its plants, at Winsford, Cheshire, and Bradwell Wood, Staffs, with the loss of 600 jobs.

ICL said the move is part of the company's long-term strategy of reducing the labour force in its manufacturing section. The 600 jobs are mainly ancillary or semi-skilled, involved in metal-fabrication, and cover about 25 per cent of the two factories' workforces.

Under an agreement with the unions at the two factories, the redundancies will be voluntary. About 200 people will either retire early or change their jobs. The cuts are expected to be completed by early next year.

Winsford and Bradwell Wood produce the medium-range 2950, 2956 and 2960 processors. Following the cuts production at the plants is unlikely to be affected because of introduction of more automatic equipment and changing production processes. Last year ICL had a volume growth of more than 20 per cent.

ICL has steadily reduced its manufacturing workforce, switching the company's emphasis to a more service-orientated approach.

Last October it announced closure of its Dunkinfield plant, Manchester, with loss of 1,000 jobs, and the loss elsewhere of 300 jobs.

The latest curbs will bring the number of manufacturing jobs in ICL to about 7,000.

Concern over developments and job-losses has been expressed by unions in the industry.

Mr. Tim Webb, ASTMS national officer for the computer industry, said last night that union conference would be held in early autumn to discuss changes in employment at ICL and what the union reaction should be.

# Policy change

By Our Industrial Editor

THE GOVERNMENT will be forced to reconsider its economic and industrial policies within the next 12 months, says Sir Leslie Murphy, former chairman of the National Enterprise Board.

Writing in the first edition of Policy Studies, the journal of the Policy Studies Institute, Sir Leslie urges more consensus between political parties over industrial policy. He also says that full public ownership of industry should be limited to businesses where competition is not practicable or where there is a monopoly.



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# Civil engineering orders on decline

BY ANDREW TAYLOR

CIVIL engineering workloads continue to fall as order books decline, according to the latest inquiry by the Federation of Civil Engineering Contractors.

The workload survey done over the past month shows a further deterioration in the industry's fortunes, with order books falling in both volume and cash terms compared with six and 12 months ago.

Fifty per cent said order books were lower than at the beginning of the year while only 20 per cent said order books had improved. Over the 12-month period 58 per cent reported lower order books and only 22 per cent increased orders.

The position continues to deteriorate with fewer tender opportunities and growing competition for a lower level of work. More companies also report falls in the average value of contracts.

More than 70 per cent of respondents expect new orders to continue to fall over the next 12 months, compared with 64 per cent who expected falls in the last workload survey by the federation in April.

For repair and maintenance work 57 per cent of contractors expect declining orders over the next 12 months compared with 45 per cent in April.

"The further decline of the civil engineering industry shown in this survey, and the lack of confidence felt by contractors, underlines the disastrous effects the threatened moratorium on new local authority construction work spending would have on the industry.

"We cannot believe the Government can contemplate such further action against the private sector in an attempt to find a short-term solution to the problem of local auhority spending", the Federation said.





# Royal Naval Dockyards face reorganisation

BY WILLIAM HALL

THE GOVERNMENT is expected to announce later this week a major reorganisation of the Royal Naval Dockyards, the largest industrial enterprise within central Government.

The plans are believed to involve major cuts in employment and overtime working with efforts to place the four UK dockyards on a more commercial footing and make them more accountable in line with other nationalised industries.

The Government's proposals, which will be released in the form of a consultative document on Wednesday, have been framed against the background of the serious decline in productivity at the dockyards. Frequent industrial disputes, high labour turnover and a loss of skilled workers have led to the creation of a backlog of work over the last couple of years, which is now damaging the Royal Navy's defence capabilities.

In 1974-75, the dockyards, which prepare Britain's warships, completed 13 major refits at a cost of £75m, and 59 normal refits costing £59m. Last year, the dockyards completed only nine major refits costing £176m, and 37 normal refits costing £123m. Over the same period, dockyard overheads had doubled to £146m a year.

In some cases recently it has taken considerably longer to refit warships than it took to build them. A growing amount of work is being placed outside the dockyards with British Shipbuilders and the private sector, but there are limits as to how far this can continue. Outside yards are not equipped to refit nuclear submarines, for example.

More UK news on Page 25

There are four Royal Navy dockyards in the UK, at Devonport, Portsmouth, Chatham and Rosyth, and one overseas in Gibraltar. They employ around 30,000 people.

Until 10 years ago, the Royal Dockyards built warships. Over the past decade, they have concentrated on repair and refitting work. Chatham and Rosyth are mainly involved with nuclear submarines, Portsmouth concentrates on guided missile destroyers and large ships, and Devonport undertakes the major share of the Leander frigate refits with some nuclear submarine work.

As a result of pay restraint and competition from private sector employers, many skilled craftsmen, who comprise more than half the dockyard's workforce, have been lured away. This has resulted in falling productivity and a deterioration in industrial relations.

Soon after it was elected, the Government launched a review of Civil Service activities aimed at identifying possible savings *from improved efficiency and* the curtailment or elimination of functions. The Royal Dockyards were identified as one of the major areas for study. The other areas were research and development, and supply management.

Last October, a study group was established to examine the role, organisation and structure of the Royal Dockyards and how they might best be organised to meet the requirements of the Royal Navy over the next two decades "taking account of recent manpower and productivity trends."

# Limits eased on industry borrowing

By Anatole Kaletsky

THE GOVERNMENT has decided to relax some of its controls on nationalised industry borrowing. An announcement is expected from the Treasury giving details of a more flexible approach to cash limits on external financing.

Arrangements for borrowing from the National Loans Fund will also be modified to give the nationalised industries more freedom to vary the loan period and reduce their reliance on expensive loang-term debts.

The rigid application of cash *limits has become the* main bone of contention between the nationalised industries and Government.

The industries argue that cash limits have undermined their longer-term planning, forced them into unprofitable window dressing operations, and even led to high prices and reductions in profitable investment.

# Desirability of MLR cut splits City

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CITY ECONOMISTS are split on the desirability, as well as likelihood, of a further cut in Minimum Lending Rate in the near future.

Analysts agree the rate of monetary growth may remain above the upper end of the official target range for the next few months. This is likely both because of strong demand for bank loans from financially squeezed companies and because of strong demand for bank loans from financially squeezed companies and because of the switching back of lending within the measured money supply after the end of the corset controls.

Barclays Bank economists, in their UK financial survey, say that without the recent confidence of gilt-edged investors, the monetary and interest rate outlook in the coming months would be bleak.

Barclays economists said: "The fact that the money supply in real (inflation-adjusted) terms may be lower than originally intended, and that the private sector is bearing a disproportionately high burden, may justify further interest rate reductions even if money supply growth remained outside the target range for a whole.

"In any event, the scope exists for a substantial fall in interest rates over the next nine months."

Phillips and Drew, brokers, say in their latest monthly analysis that while monetary growth has not been brought decisively under control, there may be a further, cosmetic, reduction in MLR.

The brokers estimate that the impact of the erd of the corset should be partially offset by an improvement in public-sector borrowing, continuing heavy sales of gilt-edged stock, favourable external flows, and a reduction in the underlying rate of bank lending as the recession deepens.

If all goes according to plan, MLR could be cut from the present 16 per cent to 13 per cent by the end of 1980.

# Joseph challenges Finniston

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

MINISTERS will decide this week on plans by Sir Keith Joseph, Industry Secretary, for a new independent body to regulate the engineering profession and draw up new methods for education and training. An announcement is expected before the end of the week.

The proposed body would be set up by Royal Charter and be responsible to the Privy Council. The proposal thus rejects the central recommendation by the committee of inquiry chaired by Sir Monty Finniston, whose report was published seven months ago, that such a body must be statutory to give it the necessary authority to regulate the profession.

Sir Keith's solution gets him out of the predicament of agreeing to a new "quango" authority, which he would find hard to justify among his colleagues. But it also represents probably the majority of opinion canvassed by the Department of Industry over the last few months, which increasingly veered away from the statutory solution. In particular, the Confederation of British Industry, which is believed to have favoured initially a statutory solution, finally came down on the side of a body responsible to the Privy Council.

Before the CBI made known its decision, however, several leading employers, including Sir Terence Beckett, chairman of Ford, and Sir William Barlow, chairman of the Post Office, had voiced support for the Finniston proposal. The TUC, and the trade unions most closely concerned with the professional engineer—TASS (the white-collar section of the engineers) and the Engineers' and Managers' Association—are firmly in favour of a statutory authority.

The professional institutions will mostly favour Sir Joseph's solution. Many people in the engineering profession felt that the Finniston recommendations would have gone too far in downgrading the work of the institutions. There has also been intense lobbying of senior Ministers by the Fellowship of Engineering (set up a few years ago as an elite engineering body to counterpart the Royal Society) that it should manage a new body. But this is likely to be rejected by Sir Keith

# Barclays is world's biggest bank

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

BARCLAYS BANK and National Westminster Bank are now the largest and second largest commercial banks in the world in terms of 1979 figures for equity in net earnings, according to IBCA Banking Analysis, the London-based bank research group.

IBCA's figures also show that only two foreign banks—Bank of America and Citicorp—are bigger than Britain's other big clearers, the Midland and Lloyds groups. The comparison reflects the 1979 record results of the British clearers, as well as the strength of sterling. IBCA says the big clearers' results for 1979 were particularly remarkable in the international context. "Most large foreign banks registered a reasonable but unspectacular year and in some such as Germany, high interest rates caused considerable pressure on profits."

IBCA's report suggests that lack of competition in the domestic retail market is an important factor in the British clearer's high level of profitability: "How much of the British banks' record results is due to superior management rather than cartel pricing is left for the reader to assess."

The report is essentially a statistical comparison of 76 British banks. It is split into three groups: clearing and other major banks; accepting houses and consortia; other wholesale banks.

The profitability of the latter category—the "Euro-banks"—as measured by the key indicator of return on assets, was shown to have declined on average in 1979.

This was caused by the combined pressures of lower interest margins and front-end fees, cost inflation, and the impact of a strong pound on banks whose operating costs are largely sterling-based but whose revenues are primarily dominated in dollars.

The 48-bank average return on assets fell slightly from a three-year high of 0.57 per cent in 1978 to 0.52 per cent in 1979. Twenty banks actually reported a lower absolute net income for 1979, while 24 showed a lower percentage return on assets.

IBCA analysts had great difficulty in preparing the report because of the limited usefulness of the information published by British banks.

The group wants the Bank of England to use its authority to improve and standardise bank accounting and disclosure. However, it is not too optimistic about this. "The paternalistic view that the general public and even financial analysts are too naive and too untutored to be told the facts seems likely to prevail.

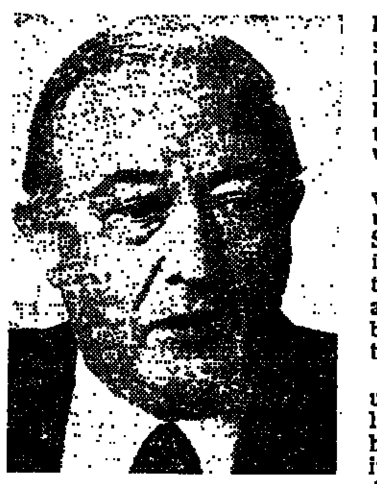
"The Bank of England is now receiving more information from the banks its supervises, but not much is being revealed in annual reports.

"Experience in the U.S. has shown that increased disclosure reinforces prudential supervision; it also fosters competitiveness, a quality that British banks urge on the rest of the economy." The Accounting Standards Committee also comes in for criticism for going "out of its way to avoid hurting the delicate sensitivities of the banks."

# Tuke plans new career at RTZ

## Michael Lafferty talks to Sir Anthony Tuke, who retires soon as Chairman of Barclays Bank and becomes Chairman of RTZ

SIR ANTHONY TUKE, at the age of 60, is looking forward to a new career. He is giving up his chairmanship at Barclays Bank after seven years to take over at Rio Tinto Zinc, the mining and industrial group which is one of Britain's largest multinationals.



Sir Anthony Tuke

It is an unusual move for a senior clearing banker, but Sir Anthony comes from a bank in many respects different from the rest of the pack. Unlike some other clearing bank chairmen, he has been brought up in the business. He is also a descendent of one of the families which founded Barclays at the end of the last century.

Sir Anthony seems well satisfied with progress at Barclays. "Our major expansion abroad has come in the past seven years. I hope we are recognised as the international leader of the British banks."

He does however see a number of weaknesses in the group's international strength. "We should like to be stronger in South America and the Far East, and we will have to build up our existing interests in the U.S. and Western Europe."

For political reasons Africa is a diminishing market for Barclays, although it still has interests in more African countries than probably any other bank.

Most significant is Barclays National Bank of South Africa, a 60 per cent subsidiary. By 1985-86 this stake will have to be reduced to below 50 per cent, but the link still poses problems for the bank in its dealings with other African nations. "We have to equate the unacceptable philosophy of apartheid on the one hand, and on the other the great importance of South Africa to the West for raw materials. We would not want it to go the way of Angola."

Sir Anthony says Barclays wants to invest anywhere in the world where it is welcomed and there is profitable business to be done.

Retail expansion at home is another theme which Barclays and their chairman have stressed over recent years. The UK's vast unbanked population—somewhere between 40 and 50 per cent of adults do not have a current account—is something the banks have to tackle, he says. The main problem Sir Anthony sees for the banks is to give working people the service they want when they want it.

Does this mean the cleaners will have to stand up to their unions on matters such as Saturday opening? Sir Anthony implies that such a confrontation is unlikely in the immediate future. "Plastic cards may be the way to make the breakthrough," he says.

Does the present system, under which the clearers make large profits during periods of high interest rates, encourage inefficiency in British banking? Are banks over-staffed and employees overpaid?

Sir Anthony will say only that it is more difficult during periods of high profits to resist high pay claims. "Our negotiations have not been made easier by Government statements."

He is moving from the City at a time when the Bank of England's role as a banking supervisor is becoming much more formal—to the dismay of many bankers. But Sir Anthony is not a critic: "We must wait and see what emerges. The City had got so big that the old system was under strain."

From the boardroom of RTZ he will be well-placed to judge the new system. "The more I learn about RTZ's problems the more I find they are the same as those of an international bank," says Sir Anthony.

# BUSINESSMAN'S DIARY

## UK TRADE FAIRS AND EXHIBITIONS

| Date | Title | Venue |
|---|---|---|
| Current ........... | International Gifts Fair (01-855 9201) (until Aug. 7) | Olympia |
| Aug. 13-15 ........ | Computer Graphics Exhibition (09274 28211) | Metropole Hotel, Brighton |
| Aug. 14-15 ........ | Ideal Home and Leisure Exhibition (0202 20327) | Newcastle University |
| Aug. 17-23 ........ | British Music Fair (01-855 9201) | Olympia |
| Aug. 17-20 ........ | The Piano and Electronic Organ Trade Fair (01-428 1590) | The Connaught Rooms, London, WC2 |
| Aug. 20-23 ........ | Ideal Home and Trade Exhibition (06333 64538) | Leisure Centre, Pontypool |
| Aug. 20-25 ........ | Modern Homes Exhibition (0253 54676) | Guildhall, Preston |
| Aug. 23-25 ........ | Trade and Entertainments Exhibition (0689 36431) | Moat Park, Maidstone |
| Aug. 23-30 ........ | International Motor Cycle Exhibition (0203 27427) | Earls Court |
| Aug. 31-Sept. 4... | Giftware and Fashion Accessories Trade Fair (08833 4371) | Bristol Exhibition Centre |
| Aug. 31-Sept. 4... | International Watch, Jewellery and Silver Trades Fair (01-837 3636) | Earls Court |
| Sept. 1-4 ........ | International Environment and Safety Exhibition and Conference (0727 55574) | Wembley Conference Centre |
| Sept. 1-5 ........ | London Nursing Exhibition and Conference (01-643 8040) | Royal Festival Hall |
| Sept. 2-5 ........ | International Carpet Fair (021-705 6707) | Harrogate |
| Sept. 7-12 ........ | International Hardware Trades Fair (0727 63213) | Olympia |
| Sept. 9-2[illegible] ........ | Chelsea Antiques Fair (0727 56069) | Chelsea Town Hall |
| Sept. 11-19 ........ | International Printing Machinery and Allied Trades Exhibition—IPEX (021-705 6707) | National Exhibition Centre, Birmingham |

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

| | | |
|---|---|---|
| Aug. 8-17 ........ | Modern Family Exhibition (02013 4450) | Hamburg |
| Aug. 10-14 ........ | National Hardware Show | Chicago |
| Aug. 11-17 ........ | International Fisheries Fair | Oslo |
| Aug. 19-Sept. 4... | International Exhibition of Agriculture and Food Industry—OMEC | Budapest |
| Aug. 20-Sept. 20... | International Fair | Izmir |
| Aug. 22-24 ........ | Wellington Home Show | Wellington, New Zealand |
| Aug. 23-27 ........ | World Woodworking Exposition | Atlanta |
| Aug. 26-29 ........ | Offshore North Sea Technological Conference and Exhibition | Stavanger |
| Aug. 30-Sept 3 | International Bridge and Structural Engineering Exhibition | Vienna |
| Sept. 4-9 ........ | Jewellery, Gold, Silver, Clocks and Gifts Exhibition—BIJORHCA | Paris |
| Sept. 6-9 ........ | International Leather Week (01-439 3964) | Paris |
| Sept. 10-18 ........ | International Engineering Fair (01-278 0281) | Brno |
| Sept. 12-21 ........ | International Autumn Fair (01-486 1951) | Zagreb |
| Sept. 16-20 ........ | International Tunnelling Industries Exhibition and Conference—EUROTUNNEL (0727 63213) | Basle |
| Sept. 17-25 ........ | International Office Equipment Exhibition—SICOB (01-439 3964) | Paris |
| Sept. 18-Sept. 23.. | International Exhibition for Automobile, Motor Car Workshop, Service Station and Garage Equipment—AUTOMECHANIKA (01-734 0543) | Frankfurt |
| Sept. 19-24 ........ | International Food Industry and Non-Food Products Exhibition—IKOFA (01-486 1951) | Munich |

## BUSINESS AND MANAGEMENT CONFERENCES

| | | |
|---|---|---|
| Current ........... | Compower Training School: Basic COBOL (Cannock 2511) (until Aug. 15) | Cannock, Staffs. |
| Current ........... | Bacie: Overseas Training Officers Programme (01-636 5351) (until Oct. 24) | Oxford |
| Aug. 4-6 ........... | MSS: Inventory Management and Control (Worthing 34755) | Worthing |
| Aug. 6 ........... | LCCI: Middle East and North Africa Section "At Home" (01-248 4444) | Cannon St., EC4 |
| Aug. 7-8 ........... | British Institute of Management: Effective Speaking—Practice and Coaching using Closed Circuit TV (01-405 3456) | Parker Street, WC2 |
| Aug. 10-24 ........ | University of Western Ontario: The 1980 International Symposium on Solar Energy Utilization | Ontario, Canada |
| Aug. 11-15 ........ | CCC: Practical Introduction to UK Business Law (01-222 6362) | Trinity Hall, Cambridge |
| Aug. 11-12 ........ | MSS: Principles of Work Study and Incentive Schemes (0903 34755) | Worthing |
| Aug. 11-22 ........ | CEI: International Financial Management Seminar | Geneva |
| Aug. 18-19 ........ | The British Institute of International and Comparative Law: Multinational Corporations and the International Law Standard (01-636 5802) | Royal Garden Hotel, W8 |
| Aug. 26-28 ........ | FT Conference: Aerospace into the Eighties and Beyond (01-621 1355) | Royal Lancaster Hotel, W2 |
| Aug. 28-29 ........ | BIM: Rapid and Efficient Reading (01-405 3456) | Parker Street, WC2 |
| Sept. 1-3 ........... | Brunel Institute of Organisation and Social Studies: Understanding Production for non-production managers (0895 56461) | Uxbridge |
| Sept. 3 ........... | Cyril Aydon Associates: Current Cost Accounting—the New Standard (seminar for financial specialists only—Banbury 720124) | Stratford-on-Avon |
| Sept. 4-5 ........... | FT Conference: The new Sri Lanka—Opportunities for Business (01-621 1355) | Colombo |
| Sept. 7-12 ........ | European Marketing Association: Marketing Management (021 742 4141) | University of Birmingham |
| Sept. 8-12 ........ | IPM: The Work of the Personnel Department (01-387 2844) | Embassy Hotel, W2 |
| Sept. 10-12 ...... | BCPA: Complete Course for Personnel Officers (01-405 1023) | Southampton Row, WC1 |
| Sept. 15-16 ...... | FT Conference: Developing the Annual Company Report (01-621 1355) | Savoy Hotel, WC1 |

# FT Monthly Survey of Business Opinion



## GENERAL OUTLOOK

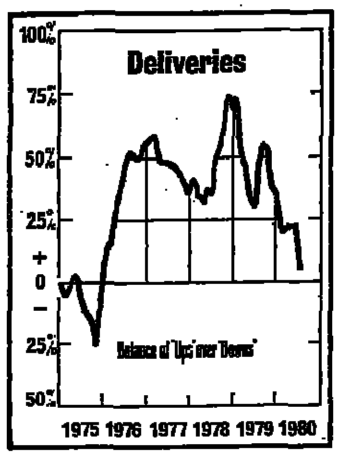
# Recession hits confidence

The general level of confidence in industry fell in July for the second successive month, particularly reflecting the effects of the recession on the textile and clothing sector.

The index registering business opinion is now very nearly down to the low point reached at the end of last year.

In the textile group, most companies were pessimistic about the effects of the economic downturn on demand for their products.

Of the other two groups surveyed, however, the food and tobacco companies were generally more optimistic while the building and construction sector had mixed feelings overall.




Apart from special factors relating to individual products, confidence among some companies was boosted by the improved outlook for inflation.

This was also a reason for a rise in the index measuring optimism about the UK economy. This has now changed fairly sharply over the past few months in spite of the generally prevailing gloom. Some companies, however, are stressing that their confidence applies only to the long run.

## GENERAL BUSINESS SITUATION

| Are you more or less optimistic about your company's prospects than you were four months ago? | Apr.-July % | Mar.-June % | Feb.-May % | Jan.-Apr. % | Cnstrctn. & Bldg. % | Food & Tobacco % | Textiles & Clothing % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | July 1980 | | |
| More optimistic | 22 | 23 | 25 | 24 | 16 | 46 | 13 |
| Neutral | 33 | 35 | 37 | 34 | 53 | 19 | 16 |
| Less optimistic | 45 | 42 | 38 | 42 | 31 | 35 | 71 |

## EXPORT PROSPECTS (Weighted by exports)

| Over the next 12 months exports will be: | Apr.-July % | Mar.-June % | Feb.-May % | Jan.-Apr. % | Cnstrctn. & Bldg. % | Food & Tobacco % | Textiles & Clothing % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | July 1980 | | |
| Higher | 48 | 49 | 45 | 49 | 49 | 65 | 35 |
| Same | 20 | 18 | 21 | 22 | 33 | 18 | 35 |
| Lower | 30 | 30 | 32 | 27 | 14 | — | 30 |
| Don't know | 2 | 3 | 2 | 2 | 4 | 17 | — |

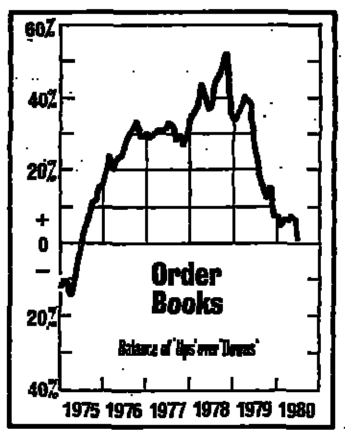
## ORDERS AND OUTPUT

# Order levels plummet

COMPANIES ARE reporting sharply lower orders as demand falls off. The indices registering order levels and the number of new orders received, as well as recent deliveries, are now at their lowest levels since 1975/76.

All three sectors were more inclined to report falling deliveries than they had been when last surveyed in March. High interest rates and public spending cuts are particularly depressing the building industry, while keen competition is affecting the food and tobacco sector.

Textile companies complained about the effects of the high exchange rate on their competitive position.




The number of concerns reporting higher new orders is now matched by those reporting lower ones, with the textile and building sectors especially hard hit.

Against the general pessimistic trend, the groups surveyed were generally slightly more optimistic about export prospects. In spite of the strong pound, some companies — notably in the food sector—are making efforts to expand overseas to make up for shrinkage in the UK market.

## NEW ORDERS

| The trend of new orders in the last 4 months was: | Apr.-July % | Mar.-June % | Feb.-May % | Jan.-Apr. % | Cnstrctn. & Bldg. % | Food & Tobacco % | Textiles & Clothing % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | July 1980 | | |
| Up | 29 | 32 | 36 | 34 | 1 | 24 | 13 |
| Same | 15 | 18 | 20 | 21 | 21 | 12 | — |
| Down | 29 | 20 | 19 | 17 | 60 | 23 | 84 |
| No answer | 27 | 30 | 25 | 28 | 18 | 41 | 3 |

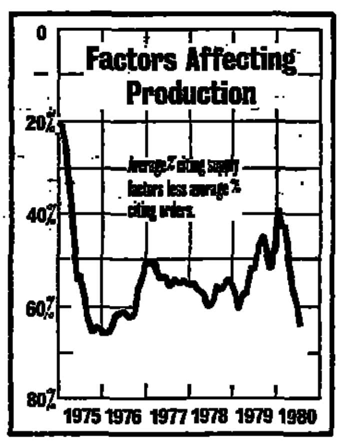
## PRODUCTION/SALES TURNOVER

| Those expecting production/sales turnover in the next 12 months to: | Apr.-July % | Mar.-June % | Feb.-May % | Jan.-Apr. % | Cnstrctn. & Bldg. % | Food & Tobacco % | Textiles & Clothing % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | July 1980 | | |
| Rise over 20% | 3 | 3 | 5 | 6 | — | — | — |
| Rise 15-19% | 5 | 4 | 7 | 6 | 5 | — | — |
| Rise 10-14% | 2 | 4 | 5 | 11 | — | 7 | 1 |
| Rise 5-9% | 12 | 21 | 21 | 22 | 2 | 17 | — |
| About the same | 64 | 57 | 54 | 47 | 88 | 64 | 67 |
| Fall 5-9% | 4 | 1 | 1 | 1 | — | 12 | 27 |
| Fall over 10% | 3 | 3 | 1 | 1 | 5 | — | 3 |
| No comment | 7 | 7 | 6 | 6 | — | — | 2 |
| | 2.4 | 3.6 | 4.2 | 4.8 | 1.5 | 1.9 | 1.2 |

## CAPACITY AND STOCKS

# Output sinks below targets

ALL THREE sectors were more inclined than they had been in March to report that output levels were below target. As a result, the index registering the percentage of companies working at planned output levels or above has fallen for the second month running and now stands at its lowest level since April 1976.




The index had held up relatively well in previous months —partly because companies had already reduced their planned output levels.

*The food and tobacco sector* was less inclined to expect stocks to fall than it had been in March. The building group was more inclined towards an increase. The index covering stocks of work in progress has now reached the point where firms expecting a rise are almost balanced by those projecting a fall, while the index for raw materials and components has also fallen.

On the other hand, expectations about stocks of sales goods have moved upwards after *dropping last month.*

## CAPACITY WORKING

| | Apr.-July % | Mar.-June % | Feb.-May % | Jan.-Apr. % | Cnstrctn. & Bldg. % | Food & Tobacco % | Textiles & Clothing % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | July 1980 | | |
| Above target capacity | 6 | 6 | 6 | 7 | — | 13 | 1 |
| Planned output | 50 | 62 | 68 | 66 | 56 | 35 | 13 |
| Below target capacity | 43 | 31 | 25 | 26 | 44 | 52 | 83 |
| No answer | 1 | 1 | 1 | 1 | — | — | 3 |

## STOCKS

| Raw materials and components over the next 12 months will: | Apr.-July % | Mar.-June % | Feb.-May % | Jan.-Apr. % | Cnstrctn. & Bldg. % | Food & Tobacco % | Textiles & Clothing % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | July 1980 | | |
| Increase | 29 | 31 | 34 | 29 | — | 17 | 27 |
| Stay about the same | 45 | 40 | 36 | 33 | 66 | 65 | — |
| Decrease | 21 | 25 | 23 | 29 | 34 | 6 | 71 |
| No comment | 5 | 4 | 7 | 9 | — | 12 | 2 |
| Manufactured goods over the next 12 mnoths will: | | | | | | | |
| Increase | 20 | 19 | 22 | 19 | 2 | 6 | 27 |
| Stay about the same | 46 | 46 | 45 | 40 | 12 | 59 | 54 |
| Decrease | 13 | 19 | 18 | 21 | 21 | 6 | 17 |
| No comment | 21 | 16 | 15 | 20 | 65 | 29 | 2 |

## FACTORS CURRENTLY AFFECTING PRODUCTION

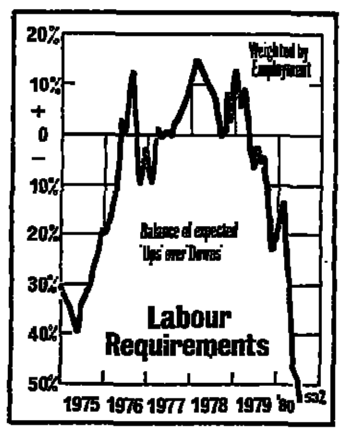
| | Apr.-July % | Mar.-June % | Feb.-May % | Jan.-Apr. % | Cnstrctn. & Bldg. % | Food & Tobacco % | Textiles & Clothing % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | July 1980 | | |
| Home orders | 87 | 85 | 80 | 76 | 89 | 88 | 100 |
| Export orders | 49 | 48 | 50 | 44 | 30 | 41 | 59 |
| Executive staff | 4 | 9 | 9 | 12 | — | — | 3 |
| Skilled factory staff | 9 | 15 | 19 | 24 | 11 | — | 16 |
| Manual labour | — | — | 2 | 4 | — | — | 3 |
| Components | 1 | 1 | 6 | 11 | — | — | — |
| Raw materials | 9 | 15 | 19 | 19 | — | 23 | — |
| Production capacity (plant) | 7 | 9 | 11 | 11 | — | 13 | 16 |
| Finance | 3 | 1 | 2 | 2 | 5 | 12 | — |
| Others | 4 | 8 | 11 | 12 | — | — | — |
| Labour disputes | 8 | 16 | 26 | 32 | — | 12 | — |
| No answer/no factor | 9 | 8 | 8 | 7 | 11 | — | — |

## INVESTMENT AND LABOUR

# Jobs outlook deteriorates

THE prospects for unemployment seem certain to deteriorate as more and more companies are planning to cut back on their workforce. Both the building and construction and the non-food and tobacco sectors are more inclined than they were in March to expect their labour forces to decrease over the next 12 months.

Consequently, the index of employment expectations has dropped even further into previously unplumbed depths. The indicator of factors affecting the number of employees continues to be more influenced by demand as opposed to supply factors.




The recession is also leading to cutbacks in capital spending plans. Both the building and construction and the food and tobacco sectors are less optimistic about their capital spending levels than they were when last interviewed in March.

Somewhat surprisingly, the textile and clothing sector is rather less inclined than it had been to say it expected capital spending levels to fall. Nevertheless, the overall spending indicator shows that a majority of companies expect a fall in investment over the next year.

## LABOUR REQUIREMENTS (Weighed by employment)

| Those expecting their labour force over the next 12 months to: | Apr.-July % | Mar.-June % | Feb.-May % | Jan.-Apr. % | Cnstrctn. & Bldg. % | Food & Tobacco % | Textiles & Clothing % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | July 1980 | | |
| Increase | 8 | 6 | 6 | 15 | — | 6 | 10 |
| Stay about the same | 30 | 36 | 35 | 36 | 44 | 6 | 34 |
| Decrease | 61 | 55 | 53 | 43 | 44 | 88 | 56 |
| No comment | 1 | 3 | 6 | 6 | 12 | — | — |

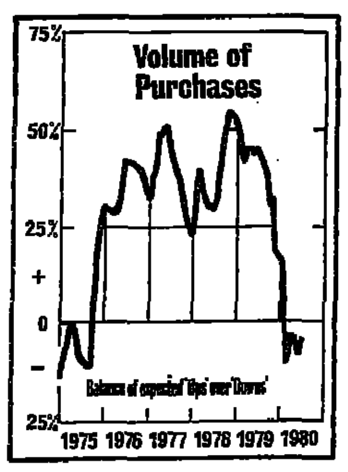
## CAPITAL INVESTMENT (Weighed by capital expenditure)

| Those expecting capital expenditure over the next 12 months to: | Apr.-July % | Mar.-June % | Feb.-May % | Jan.-Apr. % | Cnstrctn. & Bldg. % | Food & Tobacco % | Textiles & Clothing % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | July 1980 | | |
| Increase in volume | 29 | 31 | 30 | 26 | 16 | 26 | 37 |
| Increase in value but not in volume | 18 | 18 | 22 | 19 | 21 | 7 | — |
| Stay about the same | 17 | 16 | 14 | 12 | 17 | 15 | 30 |
| Decrease | 32 | 34 | 32 | 36 | 46 | 24 | 26 |
| No comment | 4 | 1 | 2 | 7 | — | 28 | 7 |

## COST AND PROFIT MARGINS

# Lower price rises ahead

SOME moderation in the rate of increase of wages and prices is suggested by the latest survey. Both the food and tobacco and the textile and clothing sectors expect smaller increases in wages than they did last March.




The indicator for median expected wage rises has dropped back to around 17 per cent. There has also been a fall in the unit cost indicator.

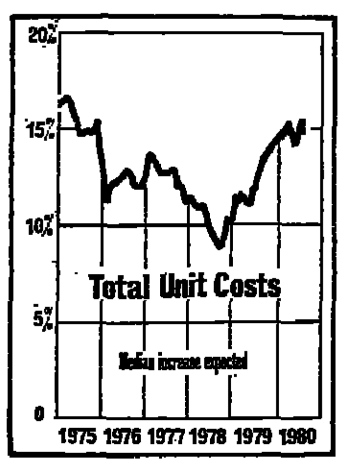
Both the building and construction and the textile and clothing sectors tend to expect smaller increases in prices over the next 12 months than they did last March so that the indicator of median expected price rises over the next year has slipped down to around 14½ per cent.

The expected faster rate of growth of costs than prices is reflected in greater pessimism in the food and tobacco and the textile and clothing sectors about profit margins over the next year. More companies expect a decline in margins than in improvement.

The business opinion survey is carried out for the Financial Times by the Taylor Nelson Group and is based upon interviews with senior executives.

Three sectors and some 30 companies are covered each month in turn. They are drawn from a sample based upon the FT Actuaries' index, which accounts for about 60 per cent of all public companies.

The all-industry figures are four monthly moving totals covering some 120 companies in 11 industrial sectors (mechanical engineering is surveyed every second month).




Complete tables can be purchased from Taylor Nelson and Associates.

## COSTS

| Wages rise by: | Apr.-July % | Mar.-June % | Feb.-May % | Jan.-Apr. % | Cnstrctn. & Bldg. % | Food & Tobacco % | Textiles & Clothing % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | July 1980 | | |
| 10-14% | 20 | 13 | 11 | 13 | 5 | 47 | 14 |
| 15-19% | 62 | 66 | 68 | 64 | 63 | 52 | 83 |
| 20-24% | 11 | 15 | 13 | 14 | 21 | 1 | — |
| No answer | 7 | 6 | 8 | 9 | 11 | — | 3 |
| Unit cost rise by: | | | | | | | |
| 0-4% | — | 4 | 4 | 5 | — | — | — |
| 5-9% | 6 | 4 | 5 | 6 | 32 | — | — |
| 10-14% | 38 | 30 | 37 | 30 | 5 | 59 | 54 |
| 15-19% | 38 | 42 | 32 | 30 | 26 | 29 | 30 |
| 20-24% | 3 | 5 | 4 | 7 | 5 | — | 13 |
| No answer | 15 | 15 | 18 | 22 | 32 | 12 | 3 |

## PROFIT MARGINS

| Those expecting profit margins over the next 12 months to: | Apr.-July % | Mar.-June % | Feb.-May % | Jan.-Apr. % | Cnstrctn. & Bldg. % | Food & Tobacco % | Textiles & Clothing % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | July 1980 | | |
| Improve | 28 | 42 | 43 | 46 | 38 | 6 | — |
| Remain the same | 30 | 27 | 28 | 27 | 25 | 30 | 27 |
| Contract | 35 | 28 | 25 | 23 | 26 | 41 | 71 |
| No comment | 7 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 2 |

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# UK NEWS – LABOUR

# Picketing code likely tomorrow

BY CHRISTIAN TYLER, LABOUR EDITOR

CODES OF practice designed to regulate trade union conduct on picket lines and in closed shops are expected from the Government tomorrow now that its controversial Employment Act has received the Royal Assent.

Later this week, the Government will announce when the various sections of the Act are to take effect. Mr. James Prior, Employment Secretary, told Parliament last week that clauses relating to maternity, guarantee pay and some aspects of unfair dismissal would not come into force before the beginning of October.

The Act gives the Secretary of State power to issue codes for the improvement of industrial relations. They do not *have the force* of law, but are meant to influence industrial tribunals and the courts when deciding the rights and wrongs of trade union cases.

The main recommendation of the code of practice on picketing, already revealed by Mr. *James Prior*, Employment Secretary, is that a picket line should consist of no more than six people. The Act redefines lawful picketing in such a way as to make only those who picket at their own place of work—and union officials—immune from civil *prosecution* for damages.

In the code for closed shops, *the Employment Secretary* will propose that all agreements, present as well as future, should be reviewed periodically by means of a secret ballot to test whether they are still supported by the workforce.

But, whereas the *Act* stipulates that for new closed shops the ballot majority should be 80 per cent, the code is not expected to suggest a figure.

Because of this code, a worker dismissed by his employer for refusing to join a union with a closed shop might argue in front of an industrial tribunal, for example, that the closed shop was not supported by his colleagues and had not been reviewed.

The two codes will be open for consultation for two months before they are put before Parliament for approval.

The TUC issued its own voluntary codes towards the end of the Labour Government. It has not yet shown any inclination formally to withdraw its guidelines—despite repeated threats to tear them up once the Employment Bill became law. But, it will be drafting its own advice to trade unionists on how to cope with the Act.

*Guide to the Employment Act,* Page 16

# Journalists at Reuters end strike

STRIKING JOURNALISTS at the London office of Reuters, the international news agency, have voted to return to work.

The seven-day strike was the first in the agency's 119-year UK history.

The National Union of Journalists Chapel (office branch) decision was made at a meeting at London union headquarters when 146 members voted.

Reuters journalists in London went on strike after some members were suspended for refusing to handle copy from New York prepared by company executives.

The New York office was hit by a strike when the American Newspaper Guild and Reuters management failed to agree on a new three year pay and conditions deal.

Neither side would disclose details of the peace plan but Mr. Kevin Garry, Assistant General Manager of Reuters, said: "Normal Reuters services are being produced in London. Copy to and from the U.S. will flow perfectly properly but will not be handled by NUJ members.

# Busmen reject company plan

BUSMEN in Northamptonshire *have* rejected a plan that could save their company from being forced into liquidation.

*The financially hard-pressed* United Counties Bus Company have asked more than 350 drivers and conductors at depots in Northampton, Kettering, Corby and Wellingborough to give up four hours a week overtime in a bid to *help cut the* company's annual running losses of £1m.

Mr. Eric Stock, branch secretary of the Transport and General Workers' Union said if progress was not made in talks before the first week in September there would be a complete stoppage.

# Teachers' warning to Thatcher

BRITAIN'S third largest teacher union has warned the Government not to try to interfere with the 13.5 per cent pay award for teachers recommended by independent arbitrators on Friday.

Mr. Peter Smith, assistant secretary of the 90,000-strong Assistant Masters and Mistresses Association, said: "If the arbitrators' report is overthrown there will be trouble and it could lead to industrial action."

So far, the Government has failed to indicate whether it will accept the arbitrators' recommendation or whether it intends to try to reduce the increase under its policy of pegging back salary rises in the public sector.

To overthrow the arbitrators' decision the Government would have to get the agreement of both Houses of Parliament.

*In spite of the holiday period,* the union's executive has decided to try to mobilise its members to lobby MPs in a bid to stop any Parliamentary action by the Government.

Mr. Smith said today: "We can understand the use of the Remuneration of Teachers Act as a long stop during a national emergency or crisis.

"But what the Government is signalling, if it comes about, is blatant intervention in the normal process of pay *bargaining.*"

# Wage increases forecast at 14%

By Our Labour Editor

PAY INCREASES averaging 12 to 14 per cent in the 1980-81 wage round, but with wide variations, are forecast by management consultants Binder Hamlyn Fry.

In a guide to pay prospects *the consultancy says it expects* the majority of industries to have conceded sorter working weeks by the end of next year, and an extension of staff status for manual workers .

Many firms will continue to make interim pay awards as a way of spreading the cost.

# Post Office settles clerical pay award

BY PHILIP BASSETT, LABOUR STAFF

THE POST OFFICE has secured union agreement from leaders of 37,000 clerical *staff to a pay* and productivity deal. It will give an immediate increase of 20 per cent with a further 3 per cent in two stages by April.

The settlement was agreed last week by officials of the Civil and Public Services Association. *Its Post Office members,* with those of the Society of Civil and Public Servants, caused considerable public disruption and put the Post Office into cash flow difficulties last year by strike action which delayed the issue of computer-processed telephone bills.

The deal follows the terms of the settlement concluded last month by the Post Office with its 146,000 engineering staff.

The CPSA settlement, taken with the engineers' agreement *and other* eventual deals covering the rest of the Post Office's telecommunications staff, formed the final factor in necessitating the 22 per cent rise in phone charges announced last week.

The CPSA deal will give an immediate 18 per cent increase on present basic rates, together with a 2 per cent consolidated productivity payment. Both payments will be backdated to July 1.

A further 1 per cent productivity payment will be made on *December 1, with a final 2 per* cent on April 1 next year. CPSA Post Office members' pay will have therefore risen by 23 per cent in nine months, but the size of this year's deal will be kept to 21 per cent because the final 2 per cent will not be paid until the corporation's next financial year.

Post Office leaders of the SCPS will meet on Wednesday to discuss whether to press for improvements on a similar offer to their 6,000 clerical and computer members in the corporation.

Union negotiators were told on Friday by Sir William Barlow, Post Office chairman, that there was no scope for a compensating payment to their grades *to take account of a* 8.3 per cent additional award made last month to members of the Society of Post Office Executives. The executives' payment followed a 5¼ per cent arbitration award to the Post Office Engineering Union earlier this year.

The final major telecommunications group, the Post Office Management Staffs' Association, representing 18,500, seems likely to go to arbitration.

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# Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● WOODWORKING

## Aids picture frame production

SPECIAL purpose machine engineering group Marcron Machines is using a CompAir Maxam hybrid pneumatic/electronic control system on its latest project—an automatic picture frame mould mitring machine.

This is the first installation having Maxam pneumatics and the STI programmable system following the recent appointment of CompAir Maxam as systems builder for Texas Instruments.

The pneumatic mitring unit enables a wide variety of wooden picture frame mouldings to be quickly and automatically cropped to length and made ready for assembly. The moulding is fed from a magazine to the first work station. Microswitch trip signalling to *the pre-programmed hybrid* control system initiates clamping and the subsequent mitre-cut operation.

Following this operation, the cutting blade retracts, signalling completion of its action, and the wood moulding progresses to a second stop. Again the material is clamped and a 90 degs cut is made, this forming the end mitre on one frame side and the first mitre on a new side.

Each cropped side is conveyed to a drill and pin insertion stage prior to ejection for final assembly. While these latter functions are being carried out, the machine simultaneously executes the mitre cutting operation, providing a continuous throughput of work. The time for machining one frame side is approximately 3 seconds.

The solid state logic control system consists of a programmable sequencer, and input/output modules. The sequencer of this Marcron designed machine has a memory of up to 1024 words R/W (Read/Write) or PROM (Programmable Read Only Memory). This compact unit contains a *stand-by 2-hour* battery back-up to protect the memory if in R/W (ReadWrite).

The sequencer detects a change in state of the inputs via the input modules and acts on this information to produce the necessary output signal. This signal interfaces with one of the 17 Maxam Series 5 solenoid valves used on the circuit to actuate the next machining operation.

Compair Maxam, High Wycombe, Bucks. HP 13 5 SF. High Wycombe 2481.

● TUNNELLING

## Designed for small bores

DAMP CONDITIONS frequently *prevail in tunnelling, and such* environmental disadvantages affect micro-switches and contactors of electrically driven locomotives, says the maker of a new hydrostatic system, Tunnequip, Catteshall Wharf, Godalming, Surrey (04868 5641).

This company is part of Rees Hough, which was formed in 1968 with the primary objective of undertaking pipe laying by the pipe jacking system and now carries diverse contracts from *small and medium segmental* tunnelling and pedestrian subways to conventional open-cut construction, reinforced concrete structures, river works, deep shafts, *sheet* piling, and associated geotechnical techniques.

Growth of its tunnelling activities has led to the formation of the specialist subsidiary which sells and hires tunnelling and pipe-jacking equipment, as well as supplying a range of ancillary equipment from skips

Latest development is a miniature tunnel locomotive specifically for use in small diameter tunnels in the range *915 to 1830 mm.*

Hydrostatically driven to obviate the problems encountered in traditional electric systems, the unit has a 3 tonne payload capacity, and can travel up to 20 km at a maximum *speed of 10 km an hour. Top* speed is achieved within 15 seconds.

The operator sits in the rear of the unit which is about 7 feet long and is fitted complete with lights and horn and operates on 450 mm gauge rail track.

Power source for the locomotive is *24 x 2 volt lead acid* accumulators to power a 5.25 kW electric motor and transmission is via a hydraulic pump and motor to a chain drive to both *axles.*

Tiller type hand control provides forward and reverse selection and speed control in one lever. Latter also incorporates a dead man's handle. Horn and front and rear light controls are mounted in the fasica next to the tiller control.

This closed loop hydraulic system gives positive breaking, and a pump by-pass valve is fitted so that in the event of breakdown or battery failure the locomotive can be moved manually.

Although obvious applications for the unit are in small bore tunnelling, it has the capacity to be easily fashioned into mini railway engines for the leisure market. It will initially be leased or hired by Tunnequip before being fabricated to customers' specific requirements.

● INSTRUMENTS

## Microwave damp meter

WORK ON a microwave moisture meter at the Food Research Association has reached the point where two prototype instruments have been made and evaluated by the industry.

Notwithstanding minor modifications that might be suggested from indsutrial feedback, it is the intention of the Food R.A. to offer the instrument for sale to anyone who wishes to purchase.

It consists of a microwave generator attached to a waveguide horn, mounted on a head which slides up and down on a pillar. The sample for measurement is placed below the generator and rests on the surface of the main body of the instrument, *just above another* waveguide horn fitted with a detector.

The attenuation produced when the sample is interposed is a measure of its water content and a reading is shown on the front panel on a scale calibrated in 0 to 100 units. There is a zero shift and scale expansion facility which allows moisture content ranges down to about 5 per cent to be displayed as full scale. The equipment operates over an *attenuation* range of zero to 40 dB.

The instrument is likely to be most useful for products containing from 5 to 40 per cent water and where packing density variations are not likely to cause a major problem.

It has already proved effective with soya beans, seeds, cakes (other than those containing fruit) and sugar syrups.

It is anticipated that production will start towards the end of this year. The price will be about £2,000 to members of the Association, somewhat more to others.

More from The British Food Manufacturing Industries Research Association, Randalls Road, Leatherhead, Surrey KT22 7RY (03723 76761).



## Ultrasonic gauging system

THE WALL thickness of extruded plastics pipe or tube can be continuously monitored as it is being produced using a new ultrasonic gauging system from Teledictor, Coneygre Industrial Estate, Tipton, West Midlands DY4 8YB (021 557 3056).

Designated Model 5215-4pp Panametrics, the instrument has the material penetration necessary to measure a wide range of wall thicknesses and it can be calibrated to read within ±0.005 in or better.

The system makes use of the water cooling tank that follows the extruder *in most plants,* since it provides a good medium for ultrasonic gauging. Four transducers are arranged at 90 degree intervals around the circumference of the product and results are shown immediately on a bright LED display. Outputs are available in BCD and analogue *form for* recording or control. If no cooling tank is available a special transducer system is available for use in air.

The equipment is in a self-contained package measuring 17x13x5½ ins and weighing 15 lb.

● MAINTENANCE

## Sucks up the soil

AN EXCAVATION technique using a vacuum extractor for lifting sub-soil is claimed to offer substantial savings in time and money. It has been introduced by ALH Systems, part of the Avon Rubber Group.

In many types of repair and maintenance of underground gas or water pipes and electrical cables the system can reduce the surface opening to less than 25 per cent of the normal size, says ALH Systems.

The size of a hole excavated in a road, street or pavement has hitherto been governed largely by physical factors: the hole needed to be large enough to accommodate a man wielding a pick and shovel.

With the ALH vacuum extractor, however, the surface *area of the hole can be reduced* by as much as 75 per cent. Not only can the repairs to the pipe or cable be carried out more quickly but the cost of back-*filling and replacing the sur*face can be much less.

ALH Systems recently demonstrated in a street in North Kensington that the repair of a *joint in a 6 inch gas pipe at a* depth of 4 feet can be completed successfully through a hole only 15 inches square in 75 minutes from the time the road *surface is broken with a pneu*matic spade to its complete restoration for heavy traffic.

The ALH excavator has a vacuum pump driven by an air-*cooled diesel engine of about* 28 bhp, giving the optimum pressure drop and flow volume through the suction hose, spoil hopper and filter. The capacity of the hooper allows soil emptying through a pneumatically operated gate to fill a wheelbarrow of standard size placed *ready nearby for backfilling.*

A jack-hammer lance, powered by an air compressor driven by the vehicle engine, is a lightweight pneumatic chipping hammer which is used to break down cohesive soils for easy removal by the suction tube. Its low percussive force and heavily insulated handle is claimed to give the jack-hammer lance a high degree of safety for the operator.

Details from ALH Systems, Station Road, Westbury, Wiltshire. (02216 3911).

● COMPUTING

## Processing services

UNILEVER Computer Services is offering a new database processing and communications service using the Adabas database management system. UCSL is the first computer bureau in the UK to offer the system, acquired on licence from Adabas Software of Derby.

Developed by Software AG, Adabas is a data base manage-*ment system capable of handling* relational, network and hierarchical structures with full logging and recovery as well as batch and on-line data entry and retrieval facilities. It has over 500 users worldwide and has attained the U.S. Datapro Roll of Honor for top software products in each of the last three years.

Unilever Computer Services, Station House, Harrow Road, Wembley, Middx. 01-903 1414.

● PRINTING

## Computer in control

TIMSONS says of the TSR 2000 that it is the first business forms press to offer full direct computer control of all web width and print register adjustments.

Control can also be manual (by means of the Timson digital system) or by remote control; and there is provision for a build up from manual to computer control as the requirements of the printer may dictate.

The machine has been developed specifically to meet the needs of an important section of the market; the specialist forms producers and large production uits. A single-web press, it is suitable for long *runs* but also highly economical for the short runs which represent much of the growth area in business forms printing.

With the Timson computer system, the press operator is fully in control via the processor. The computer console allows for a dialogue between the operator and the computer. There is also provision for management information to be delivered from the computer with the aid of a printout device.

Long term planning and *development of the machine* now announced has involved careful study of the market and discussions with customers and agents round the world. The result of these discussions was to highlight the needs of one very important section of the market represented by specialist forms producers.

Timsons, Perfecta Works, Bath Road, Kettering, Northants. 01730 2122.

## Sets the headlines

A PHOTO composition machine for headline and display typography made by West Germany company Stempel is available from Arnold Cook, Pindar Road, Hoddesdon, Hertfordshire (Hoddesdon 68458).

Known as the Typomatic, the unit can be operated in daylight and occupies no more space than a typewriter. Setting is performed on 70 mm roll film or paper, completely dry, and the material is then processed in *high* speed two or four bath stabilisation processors.

This machine has a size range from eight to 120 point and the 157 character film founts are supplied complete in their own protective metal cassettes; they are motor driven, providing very fast character selection. An interesting and useful facility is that of being able to see what has been set on a luminescent foil window up to two minutes after exposure.

The optics contain a zoom lens system and an anamorphic lens which guarantees uniform automatic focus and infinite variation of the height, width and slant of characters.

Any modification may be repeated as needed by simply resetting the precision scales.

● COMMUNICATION

## Collects and sends data

MADE BY International Entry Systems Inc in the U.S. and available here from Microcosmic Systems is the Datacorder 1, a portable desk-top data entry terminal with communications facilities.

The unit weighs about eight kilograms and is not much bigger than an electric typewriter. On its upper horizontal surface behind the keyboard it is equipped with a three-lines-per-second printer, an acoustic coupler nest, a cassette deck and a single-line alpha-numeric display with a 16-character window that will show an 80-character line by *scrolling* from right to left.

Communication over a phone line with a host computer is via the coupler (300 to 1200 baud) or using the internal modem for higher speeds (up to 19 kilobaud).

Specific programs (for audits, *stock levels, order entries, etc.*) are loaded in from a cassette. A second cassette is used to capture data entered from source material on the keyboard, with the assistance of prompting and editing on the single-line display. Then, the machine takes the data from tape for transmission in format and speed determined by the program.

More from 5, Telford Way, London W3 7XE (01-749 1481).



## Esso goes digital

LATEST BIG company to convert its private phone exchanges to *digital working* is Esso with the installation of five Reliance Systems SL1 PABX (private automatic branch exchanges) in *London,* Abingdon, Kingston upon Thames, New Malden and Fawley.

Largest unit is at the Victoria *Street, London offices of Esso* Petroleum where there are 1,500 extensions, 137 exchange lines, 68 private circuits and four operator consoles. This is the hub of the Esso telephone network, routing calls via private lines between 20 locations in Britain and Northern Ireland. *External connections,* of course, remain analogue and await the digitisation of the public network using System X at some time in the future.

Reliance Systems is at Turnells Mill Lane, Wellingborough, Northants NN8 2RB (093322 5000).

# MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

SAS is being reshaped to avoid a crisis. **William Dullforce** reports

# Flying in the face of adversity

Carl-Olov Munkberg: trying to call a halt to his shrinking globe

SCANDINAVIAN Airlines System (SAS) runs "a big risk" of making a loss this year for the first time in 18 years, managing director Carl-Olov Munkberg announced recently. This was a sad confession for the man who moved into his job less than two years ago, immediately set about reshaping the airline into a "result-orientated" company and saw it turn in its highest ever pre-tax profit of Skr 148m (£15.2m, $35.7m) in the 1978-79 financial year.

Munkberg's solution for the crisis, which SAS shares with most other major Western airlines, is to press ahead with devolution of responsibility within the group. He is seeking the aproval of his board of directors to break down the group into seven divisions, each of which will act as a profit centre. There will be a further cleavage of the airline operations into seven route areas, each with a manager responsible for running it at profit.

The staff will be reduced by 10 per cent over the next two years with 1,700 jobs disappearing from the airline operation alone. On the North Atlantic route, where SAS is bleeding most heavily, traffic will have been cut by 10 per cent in 1979-80 and Munkberg's first target is to reduce losses there by half. SAS lost Skr 90-100m on the North Atlantic last year or Skr 180m in terms of "internal calculated costs."

The aircraft fleet, which numbered 81 at the end of the 1978/79 financial year, will be reduced. Some of the eight DC8s, which are heavy on fuel, will be sold. So will four or five of the 60 DC-9s and it is possible that one of the older Boeing 747s will be sold, to make way for the new one ordered for the 1980/81 season.

SAS has been flying two Airbus A300s from this year and will receive two more before the end of 1980 but it is likely to pass over the first two of the eight options it holds on further Airbus deliveries.

Munkberg, 52, was promoted into his present job from Nyman and Schultz, an SAS subsidiary and Sweden's largest travel agency, where his decentralised management principles proved to be very effective. Assuming that the agency's commission fees were 10 per cent, he set an initial profit target of 1 per cent of total turnover. This year Nyman and Schultz expects to earn about Skr 14m on sales of Skr 800m and the profit target will be raised to 1.5 per cent.

Before Nyman and Schultz, Munkberg had managed Scanair, SAS's sister charter airline owned by the same three parent companies. He started in the airline business in 1957 as finance director for Linjeflyg, the domestic Swedish airline.

In terms of passengers, SAS is the third largest airline in Europe after British Airways and Lufthansa. The "designated air carrier" of Denmark, Norway and Sweden, it is formed as a consortium, 3/7ths of which is owned by the Swedish parent company and 2/7ths each by the Danish and Norwegian parents. Half the shares in the parent companies are held by private interests *and half by the national governments.*

SAS has received no government financial support for 19 years, but there have been occasional complaints that the state interests have led to duplication and a bureaucratic rigidity, which have hampered productivity. A strong counter-influence to such a trend has been that of Dr. Marcus Wallenberg, the banker and long-serving chairman of the Swedish parent company, who was the main architect of SAS.

The setback to SAS this year is partly attributable to the Swedish strikes in April and May, which severed airline connections between Sweden and the rest of the world and within the country. The management puts SAS's profit setback at Skr 81m with a further Skr 6m accounted for by a four-day shutdown by Norwegian air traffic controllers.

But in common with other airlines SAS has also been badly hit by the rise in fuel prices and the decline in passenger traffic. In 1978-79 SAS paid SKr 794m for fuel. Its budgeted fuel costs for the current year ending on September 30 are SKr 1.5bn and Munkberg estimates that the final figure will be close to SKr 1.5bn despite the reduced number of flights. This is a large slice out of the airline revenue of around SKr 6.5bn.

Similarly, SAS has budgeted for a 6 per cent growth in revenue passenger/kilometres in 1979-80. In the first seven months to the end of April the actual increase had been only 1.7 per cent.

## Aircraft sales

*However, in spite of its* SKr 148m profit last year, SAS's profit development has not been satisfactory for some time.' Its margin (operating profit in terms of sales) dropped from 8.7 per cent to 6.3 per cent last year and the earnings shown have been boosted by capital profits from aircraft sales.

Over the past 10 years SAS has probably "earned" some SKr 300m or roughly one-third of its total profit during the period from selling used aircraft. Its cost-calculated depreciation needs are considerably higher than that shown in the profit and loss account and to meet future investments in new aircraft earnings should be at least double those recorded last year.

SAS's home base is one of the highest cost areas in the world. The airline is frequently blamed for exploiting its dominant position in Scandinavia to charge some of the world's stiffest ticket prices. It retorts that not only does it have among the world's highest labour costs, it consequently has to pay the heaviest landing fees.

On its 1978-79 accounts "government charges" took SKr 572m or 9 per cent of turnover; this year the ratio is expected to be closer to 10 per cent. A landing and take-off by a Boeing 747 at Arlanda airport, Stockholm, costs SKr 27,300; at Miami the aircraft would pay the equivalent of SKr 1,700 and in Los Angeles SKr 8,360.

So how is Munkberg to restore SAS profits? By using his aircraft and personnel better; by finding ways of reducing maintenance costs, for instance, through the pooling arrangement which SAS already operates with KLM, Swissair and UTA; and by selling off loss-making operations such as Vingresor's British charter business.

Munkberg has a reserved attitude towards low-price fares. SAS did well out of the cheaper tickets introduced for off-peak flights on domestic routes but Munkberg feels that airlines have yet to find the right "mix" between cheap and regular fares. He also has reservations about the EEC Commission's wish to introduce greater competition in airline services.

But for the longer term Munkberg sets his faith on the reshaping of the SAS group into profit centres. Most of its smaller operations — the computer service, the tax-free airport shops—are already operating as profit centres, as is the fast growing catering and hotel business, but from October Munkberg wants to break down the group into the following seven divisions:

- airline engines and maintenance with each workshop eventually becoming a profit centre in its own right;
- airline operations, covering the air crews and cabin staff;
- airline commercial, covering all SAS routes which, in the first stage, will be sub-divided into seven route areas, each working as a profit centre;
- internal services, such as the computer network;
- catering and hotels, which already operates separately and contributes substantially to group profits;
- tourism and travel, incorporating as separate profit centres the travel agency, Nyman and Schultz, and the charter travel companies, Vingresor and Globetrotter;
- charter services, providing aircraft for charter airlines, such as Scanair and Transair.

The airline commercial division will be subdivided into the following route areas: Europe (including the Middle East), which will be the biggest area; Western hemisphere, covering the North Atlantic and South American routes; Eastern hemisphere, taking in the Far East routes and Africa; Scandinavia; domestic Sweden; domestic Norway; and domestic Denmark.

An interesting factor in Munkberg's scheme is that it happens to coincide with a period when a large number of SAS's middle managers are reaching retiring age. Thus, a generation of younger managers will be taking over jobs with enlarged responsibilities; the psychological boost could be significant.

Separate profit targets will be set for each division and route area. It will be difficult, for instance, to define goals for the "airline operations" division which covers air and cabin crews. SAS sells pilot services and also has a training school which charges fees but the establishment of this division probably has more of a prestige value.

From the airline commercial operation, however, Munkberg would eventually like to get a return of 20 per cent on invested capital. This, he admits, is more than any European airline has recently been earning. On this year's estimated Skr 6.5bn turnover Munkberg would be looking for a pre-tax profit of around Skr 325m or 5 per cent.

In the present state of the aviation business this is a most ambitious target. Realistically, Munkberg says, he will probably set a profit target for the *airline commercial division for* the first year of "around 2 per cent and build on that."

At present — ignoring the effect of the May strikes — SAS is earning money on its European, Scandinavian and domestic operations and making losses on the North Atlantic and Far East routes. The most urgent requirement is to get the North Atlantic business into the black. Munkberg's "personal target" is to achieve this in three years.

## Dropped routes

This summer SAS has dropped some North Atlantic routes — to Montreal, for example. It is operating more direct flights: for instance nonstop from Copenhagen to Seattle and Los Angeles instead of Copenhagen - Seattle - Los Angeles.

Over the Atlantic SAS is being challenged by Northwest Orient, which opened up cheap, direct flights to Scandinavia after Pan Am had abandoned the route. SAS estimates that Northwest has acquired about 20 per cent of the market but has been losing money and will fly fewer flights a week this winter than it originally intended.

Northwest has lower overheads, so SAS must compete with a higher cabin factor, carrying more passengers per flight, Munkberg says. He believes it is already achieving this but needs to push the cabin factor even higher.

But he is adamant that North Atlantic air fares must go up rather than down. He views as dangers to the aviation industry the cheap flight operators on the North Atlantic and the 50 per cent cut in the Copenhagen-London air fare which Sterling Airways has told *the EEC Commission it is ready* to make in return for a concession.

"The deregulation of civil aviation in the U.S. is raising immense problems. Most American airlines will operate in the red this year and banks are refusing to stump up more loans. On the New York-Los Angeles route last year three companies shared 4,500 passengers a day. This year seven companies are sharing 4,000 passengers a day, because fuel costs and ticket prices have risen and traffic dropped," Munkberg says.

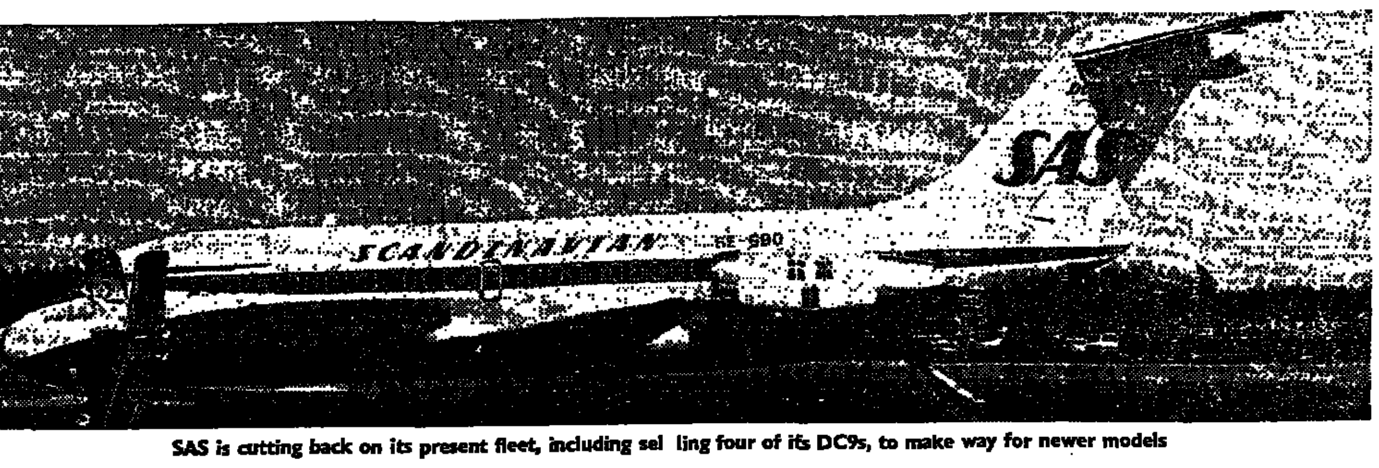
Deregulation of civil aviation within the EEC—in which SAS has a foothold through Denmark—would, in Munkberg's view, be "disastrous and in the long run would not benefit consumers." He acknowledges, however, that the major European airlines have to change their habits.

But, he argues, in seeking to promote consumer interests and to introduce more competition into European civil aviation the EEC Commission should opt for "forms of price differentiation which will boost cabin factors" rather than allow cheap-flight airline operators to "pick out strawberry patches such as the Copenhagen-London route and make money on them while we have to invest billions of kronor in aircraft and organisation to run whole systems."

SAS has successfully introduced cheap rates for pensioners and students on off-peak flights on its Scandinavian routes and has been pioneering similar schemes within Europe through bilateral arrangements with other airlines.

"I am not against competition but we must see the issue as one of helping people to travel. We have not yet found the right method but the idea must be for the airlines to cover more consumers by carrying tourists, pensioners and students at special times," Munkberg says.

But to meet the colder winds now blowing on his own airline Munkberg is banking on a slimming cure and a devolution of responsibilty for making profit to middle managers.



SAS is cutting back on its present fleet, including selling four of its DC9s, to make way for newer models

# Building and Civil Engineering

## £4m for Marshall

PROPERTY DEVELOPMENT and construction company, Marshall CDP Group, has won contracts totalling over £4m.

Construction division has won eight new contracts, six of which are for industrial and commercial buildings in West Yorkshire. At Castleford, a DIY store and garden centre (at almost £½m) is being constructed for Macgay; factory development at the Ainley Industrial Estate at Elland for English Industrial Estates has just commenced; phase 1 of factory additions at West Vale near Halifax is for Bondina; and a new data processing building at Bradford is for Ellis and Everard Chemicals.

Whitehall Estates has placed an order for the design and build of eight speculative industrial warehouse units at Whitehall Road, Leeds, while a smilar industrial development *is being carried out in Elland* on the new industrial estate there for Commercial Projects.

A further £900,000 has been won in Lancashire and consists of a £½m DIY superstore for Marley Home Care at Burnley, and design and build of industrial and warehousing units at Oldham Road, Rochdale for Goring Estates.

*Newcon Joinery, the purpose* made joinery division based at Elland, is currently involved with Trust House Forte on the erection and fitting out of Little Chef restaurants throughout the country, and also working now on sites at Liverpool, Norwich, Grantham, Tadcaster and Oxford.

Finally, Portland Mechanical Services from Glossop has added almost a £1m's worth to the order for work at Swindon. A three-storey office block will be built here for Intel, and other contracts include work at Crewe for Rolls-Royce and at Denton *for Oldham Batteries.*

## Office Block by Farrow

UNDER A £3.6m contract awarded to Farrow Construction (part of Lovell) the company will build a seven-storey L-shaped office block at Hounslow, Middx., for developer County and District Properties.

Structure will include an in situ reinforced concrete frame on piled and raft foundations with in situ concrete and slab floors and roof.

The completed development will have easy road and rail access to both central London and London Heathrow Airport and will provide 69,000 sq ft of lettable office space and basement car parking for 140 cars.

Work has started on the 18-month project.



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## Norwest Holst wins £8m

VALUE OF three contracts just announced by Norwest Holst Northern is worth £8.44m. Two jobs have been placed by English Industrial Estates Corporation, and the third is for Romix Foods.

First major contract is worth £4.3m and is for the construction of a new factory, offices and associated external works at Huyton Industrial Estate, Merseyside, for Lucas Aerospace.

Second large project is at Bradford, Yorks, and is valued at £3.4m and is again for a factory and offices for Lucas Aerospace. Work has started on both these jobs and is scheduled for completion in December next year.

Romix has awarded a £70,000 contract to Norwest Holst for upgrading its kitchen and canteen facilities at Fazakerley, near Liverpool, where work has recently commenced.

## Mixed bag for Bryant

THREE CONTRACTS together worth £2.5m have been awarded to Bryant Construction.

Two of the projects are for refurbishment and modernisation and include a £930,000 job for Midland Area Improvement Housing Association in conjunction with the University of Aston.

In this scheme, an inner city area of Victorian housing near the university is to be refurbished to provide attractive accommodation for students and the project will provide 63 bedsits and flats each for two, three or four people.

Second contract is worth £½m and is at Acocks Green, Birmingham where the City of Birmingham is to modernise 50 homes. Work is just starting and should be completed in October.

Third project is the largest and is worth more than £1m. Awarded by Scottish Equitable Life Assurance this involves the refurbishment and extension of a notable building in the cathedral environs, St. Philip's House, in St. Philip's Place, Birmingham, to create a six storey commercial office property with a gross internal floor area of 2,850 square metres.

## £5m road job for Mowlem

BEING BUILT to reduce the heavy congestion in Royston where the A505, linking the M1, A1M and A11, intersects with the A10 and A14 (from Huntington) is a £5.17m by-pass awarded to John Mowlem and Co. by Hertfordshire County Council.

This will be four miles long and run in an arc round the north side of Royston. It will be mainly dual carriageway and include a bridge over the BR line to Cambridge; a railway underbridge (being carried out by BR under a separate contract); and three roundabouts: with the A505 at the western end of the by-pass and at the intersections with the A14 and A10.

The by-pass will be of flexible construction (asphalt surface over dry lean mix concrete base on compacted gravel and chalk).

The rail bridge will be of reinforced concrete abutements with pre-acast, pre-stressed concrete deck beams. To minimise disruption to rail services, construction of the bridges will involve some night work.

## Laing builds sugar silos

UNDER A design and construct contract worth about £1.2m, awarded to the civil engineering division of John Laing Construction by British Sugar Corporation, the company has started on the construction of two 10,000 tonne sugar silos and associated work at Cantley, near Norwich.

Company constructed four sugar silos here in the early 1960s and, with the inclusion of the current work, will have built 40 silos for the corporation at various locations since 1955.

Each silo will be 40 metres high with a diameter of 20 metres and construction will be slipformed prestressed concrete with roofing of structural steel-work.

## Speeds the harbour surveys

AFTER INTERNAL development and use extending over several years a computerised hydrographic surveying system called HYDAP-S is to be launched commercially by Actif Electronics of New Milton, Hampshire, and the British Transport Docks Board.

The system makes use of a mix of custom-designed and proprietary computer hardware with software produced by the hydrographic office at the Port of Southampton. The design has been kept as flexible as possible so that other ports should be able to use the system with little or no alteration of the software.

All the data concerning depth, bottom, tides, currents and so on are recorded on the Actif DL2 data logger in complementary non-return to zero (CNRZ) format, widely used in the hydrographic profession for its reliability and suitability for use in mobile environments.

This tape can then be edited with the assistance of an intelligent visual display unit (VDU) and a new tape is produced on a second tape reader/recorder as a result. This second tape can be further processed to embrace tidal correction and x-y calculations to yield a "master file."

The master file constitutes an archival record and is in appropriate format to allow plotting on a drum plotter and the calculation of dredging volumes with great accuracy. The tape contains between 10 and 100 times the amount of information that can be presented on a normal scale chart.

Data for chart plotting is automatically selected using the "plot" program, offering the user the choice of chart scale and either shoaling (minimum) or average depths.

Production of finished charts is carried out off line enabling editing and processing of further survey data to be continued without interruption.

A facility is provided to merge fixed features (also held on cassette) of the harbour (quay walls, navigation structures, etc.) with the hydrographic data, so as to show both on the plot.

A further program will compare the data from two master files and show the differences on a subsequent plot. These comparison plots are particularly useful since they allow accretion an erosion rates to be accurately measured and recorded and dredging quantities to be calculated and forecast.

It is claimed that in a large port and especially where fluid mud conditions exist, the cost of HYDAP-S can be saved in the course of a single maintenance dredging programme.

The Board says that this has been proved in the Port of Southampton where a 65 per cent reduction in annual maintenance dredged volumes has *been achieved* during the development of the computerised system since 1975.

There will also be applications in port engineering and construction since the system can be used to provide design data for new developments including the deepening and realignment of navigable channels.

British Transport Docks Board, Melbury House, Melbury Terrace, London, NW1 6JY (01-486 6621).

## Stabilising poor soils

STABILISING a wet subsoil during the construction of one of Europe's largest pleasure boat harbours has been overcome through the use of a textile membrane.

Recently completed on a 105,000 square metre site at Bjorlanda Kile, north of Gothenburg, the harbour offers moorings for 2,200 small pleasure boats, and a winter hard for a further 1,500.

Construction involved dredging about 130,000 cubic metres of mud from the sea bed which was then deposited on the land. Due to lack of space, 70,000 square metres of this area had to be used as the site for dry storage of 1,500 boats.

The dredged mud had a high water content with consequent low solidity and a poorly developed crust. It offered conditions which threatened progress on the site.

To overcome this the contractor, Skanska Cementgjuteriet, decided to lay a membrane of 136 grammes/sq metre "Typar" spunbonded polypropylene sheet over the entire area. On top was spread a 50 cm layer of 0.150 mm load bearer and 5 cm of bitumen-stabilised gravel.

The result at Bjorlanda Kile is an area of drained and well stabilised subsoil presenting good conditions for development of the site. Skanska Cementgjuteriet were also able to realise savings through reduced materials, transport and labour costs by comparison with conventional sealing and reinforcement materials.

Typar spunbonded polypropylene is made by Du Pont and is supplied as a uniform sheet on rolls. It is increasingly used in the building of highways, forest logging tracks, site access roads and in many drainage applications. As a support membrane in silty clay or boggy terrain, it substantially improves the load bearing capacity of low grade soils.

The product is permeable, and has very high strength and puncture resistance, combined with high elongation. It is inert to seawater, chemicals, mould, bacteria and insects. Typar will stay flexible at low temperatures, and is easy to handle and transport.

Skanska is part of Svenska Rawlplug, 10462 Stockholm, Krukmakargatan 24, Box 17005, Sweden. Du Pont, POB CH 1211, Geneva 24, Switzerland.

## Research centre

INTERNATIONAL designers, constructors and engineers, IDC of Stratford-upon-Avon has been awarded a contract worth £1.25m by Formica to fit out a building at North Shields for use as a research centre.

Formica's current research centre is moving to the north-east from Maidenhead and the North Shields manufacturing centre is also to be provided with offices, research laboratorits and pilot plant areas.

## £5m task for Higgs and Hill

DEVELOPMENT of a £5m five-storey office complex and seven industrial units at Vauxhall Cross, London, is being carried out by a wholly owned subsidiary of Regional Properties which has appointed Higgs and Hill Building as management contractor.

This is due for completion in September, 1981. Architect is GMW Partnership, surveyor Mercer and Miller, consulting engineer J. Farqharson Partnership and M and E consultant Kenneth Fowler and Partners.

## More work to Douglas

RECENT AWARDS to R.M. Douglas Construction are worth *over £3m and include* a major project for the English Industrial Estates Corporation (£1.363m) for advance factories at Airport Industrial Estate, Kenton, Newcastle-upon-Tyne.

A telephone engineering centre at Telford, for the Wales and the Marches Telecommunications Board is valued at £909,000. Work has started here and the contract period is 78 weeks.

An award for about £1m from the Welsh Development Agency is for advance factories at Rassau.



## £9½m roads in Nigeria

AN associate company of Mothercat, Niger Construction, has been awarded contracts for the construction of three roads involving a total length of 60 miles in Nigeria. Value of the contract is £9½m.

One of the roads is for the Federal Ministry of Works in Imo State and the other two are for the Rivers State Government.

Work has started on all three roads and completion is due in July, 1981.

## £2m awards to Gilbert Ash

CONTRACTS WORTH a total of £2m have been awarded to Gilbert Ash Scotland by Alliance Assurance Company and The Boots Company.

For the former, Gilbert Ash is to undertake the restoration of offices and construct a six-storey office block in George Street, Edinburgh, under an award worth £1.75m. Work is expected to be completed by early 1982. Architects are Robert Hurd and Partners.

The work for Boots is to be carried out in Motherwell and Dumbarton. In Motherwell an extension to an existing store is being fitted out while in Dumbarton a new Boots store is also being fitted out. The architect is J. P. Grant.

## £1m job for Bovis

A NEW STORE for the Boots Company in Newport, Isle of Wight, has now started under a contract worth about £1m awarded to Bovis Construction.

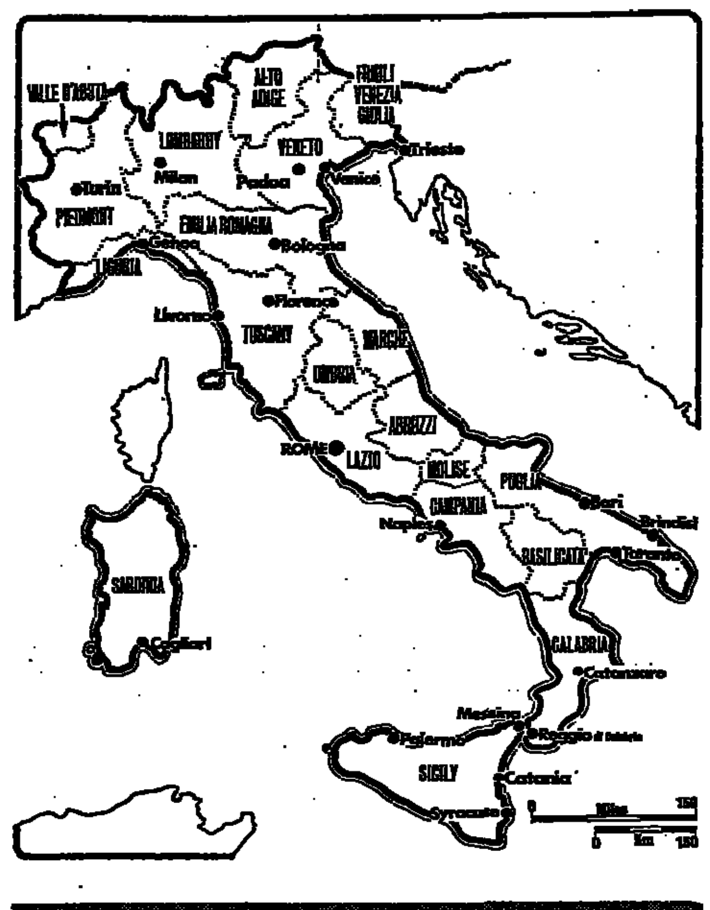
Designed to blend in with existing buildings in the area, the two-storey building will be flanked by shops on either side (including an existing Boots store).

FINANCIAL TIMES SURVEY
Monday August 4 1980



# Italy's Regions

**Italy's complicated system of regional government, designed to devolve greater powers to local authorities, has begun its third five-year term. Evidence of its working so far suggests this will be the period which will decide whether genuine autonomy can be achieved, or whether long-standing centralism will prevail.**

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## Moment of truth for system

By Rupert Cornwell

THE MOMENT of truth is approaching for Italy's complicated system of regional government. Last June's elections for 15 regional assemblies, 86 provincial and 6,590 municipal administrations up and down the country marked the tenth anniversary of the belated introduction of the decentralisation of power laid down in Italy's post-war constitution which came into force in December 1947.

It has been a decade of experiment and constitutional struggle between the central State and the fledgling regions, born amid great hopes and substantial fears. Both the latter have predictably proved unfounded. If Italy in the 1970s has undergone an ever-accelerating process of flight from the political centre, that has almost certainly had little to do with the existence of regional assemblies.

The powers of the regions have today been defined, however, and the running-in period may be said to be over. The third five-year legislature which began last June is likely to be the one which determines whether regionalisation will provide any real and lasting improvement in the way the country is run—or whether as current trends alas suggest will prove the case, regional assemblies and government merely add yet more impenetrable undergrowth to the country's already stifling bureaucratic jungle, without offering any solution to the central problem of modern Italy—to bridge the gulf between the Government and the governed.

The misgivings of the bureaucratic establishment and the political Right over implementing the regional provisions in the 1947 constitution were reflected in the 23-year delay before the first elections of 1970. True, four so-called "special status regions" were created in 1948—the two islands of Sicily and Sardinia and the two northern frontier regions of the Valle d'Aosta and Trentino Alto Adige (with substantial French- and German-speaking populations respectively). A fifth special region, Friuli Venezia Giulia, joined them in 1963 as soon as Italy's frontier dispute with Yugoslavia had been settled.

### Mainland

But for more than two decades nothing was done about the 15 ordinary regions which essentially make up the Italian mainland.

Even when the first elections did take place, they were followed by a seven-year battle between new local administrations and the State in Rome over the formers' exact powers, which was resolved finally in 1977. The settlement handed over to the region "autonomy" in three main areas: social services, the local economy (including agriculture, tourism, artisan industry and commerce) and local planning and development, including the ever-important construction industry. What emerged was something more than local government on, say, British lines, and something less than genuine federalism—in fact a compromise whose achievements so far have been scant.

The compromise itself reflects the basic ambiguity in Italian attitudes to regionalism, born of two fundamentaly differing schools of thought. These in turn can lay claim to two contradictory strands in Italian history. On the one hand is the 19th century tradition of centralism, spurred by which the State of Piedmont promoted Italian unity and the birth of the modern nation in 1870. On the other is the earlier structure of scores of city States, with strongly differing traditions and outlooks, yet providing the fabric from which the economic, social and artistic acievements of the Middle Ages and Renaissance sprang.

Central Government, quite naturally, sees regionalisation as a means of carrying its own authority more effectively into every corner of the country—hence the enduring control over the regions' purse strings. But a corollary to this is the entirely defensible argument that to allow still greater powers to the regions might weaken the still fragile sense of nationhood even more—to say nothing of the risk of increasing the disparities between a rich North and a depressed South, for example by transferring certain taxation powers.

Indeed the gap between the prosperous regions of the north and centre, firmly part of the European mainstream, and the south, imprisoned by its history, its mentality and its geographical distance from the centres of wealth, is still very great, even if some faint signs of levelling out may be detected. Annual per capital income in Modena and Milan, the country's two richest provinces, is 40 per cent above the national average. That of the three provinces of Calabria, in the toe of Italy, is almost 50 per cent below.

### Suffocating

The attitude of the regionalists, however is diametrically opposed. They see the State as a suffocating blanket. They are less concerned with nurturing patriotism than encouraging the spontaneous and creative forces that abound in Italy—yet which are expressed in small companies, small units and overwhelmingly at a regional, or rather local level. It has been this vitality, impatient at centralism and bureaucratic sloth, which has generated among other things the now celebrated submerged economy.

The Social Research Institute, Censis, among the most astute observers of the changing face of Italy, now speaks of the country as an "archipelago"—so far has this process of fragmentation proceded. The energy and dynamism inherent in it can best be harnessed, Censis and other advocates of regionalisation would argue, by an effective system of local government, building on the strong provincial loyalties within every Italian. Not for nothing, this reasoning runs, have the 1970s seen local political movements mushroom, as exasperation with the ossified and clientelistic national political parties has mounted.

Those parties, however, are already threatening to strangle regional government as they have strangled national Government. It was the great hope of the regional idealists that the new system might break up the overcentralised structure of the political parties. If anything though, the reverse is happening. Regional politics are being sucked into the quagmire of national politics, and local elections are almost exclusively national in flavour.

Just as it takes weeks, if not months, of arduous negotiations at national level to form a Government, so it now takes weeks or months to form regional government. Indeed the problem is in some respects still greater, since concessions by one party over the formation of one regional junta often have to be matched by concessions by another elsewhere. Inevitably almost, patronage and clientelism are becoming as powerful factors regionally and locally as they are already nationally.

If that were not enough, the infant regionalisation has had other crosses to bear. The 15 regional administrations when they were first elected were staffed by bureaucrats despatched from Rome, thus transferring at a stroke the mentality and vices of central government. At the same time the promised dismantlement of administrative structures in the Rome Ministries has not taken place, despite the transfer of detailed executive power in certain fields to the regions.

Inevitably, too, the regions suffered from a severe lack of trained managers to execute policy, despite an increase in total personnel from 11,600 in 1970 to almost 60,000 today. If provinces and communes are counted as well, the jump has been from 422,800 to 646,800, but with no matching improvement in the service provided. Indeed money voted to the regions, but which the bureaucrats have never succeeded in spending (the so-called "*residui passivi*"), now totals L9,000bn (£4.5bn).

That this is so can be understood from a single glance at the tortuous process any regional legislation must undergo. In the areas where power has been devolved, the Parliament in Rome now merely passes "framework" laws, setting out the terms of reference for the region.

### Equivalent

The regional "*Assessore*," roughly equivalent to a Minister, then prepares a draft law for approval by the regional "junta" or Government. This is then endorsed by the regional council (roughly a Parliament). The approved text is then sent to the *Comissario del Governo*, the permanent representative of Rome in every regional capital. He then makes sure that the legislation conforms to the guidelines set out by the national Parliament, before making a formal proposal. This then is approved by the Cabinet and a regional law is at last born.

In fact in the last decade no fewer than 6,000 regional laws have been passed. The busiest regional administrations in Tuscany, Lombardy and Lazio have voted through over 500 apiece. The least active, Calabria, has managed only 172.

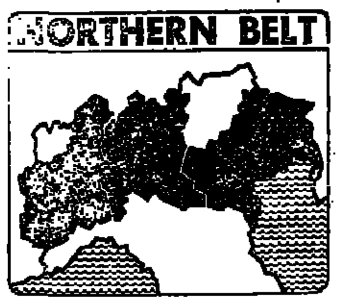
Then there is the fact that of the L40,000bn (£20bn) administered in 1979 by the regions, only L1,800bn (£900m) was genuinely free of Government instructions as to how it should be spent. Thus, even though in terms of the money they spend some regional *Assessori* are more powerful than Government Ministers, autonomy is more apparent than real.

In these circumstances it is hardly surprising that tangible resentment against Rome exists in almost every region. Nor is it surprising that the heavy hand of the political parties has given regional counsellors what Dr. Michele Dau, regional expert at Censis, called a "Second Division mentality," of being on a waiting list for promotion by party headquarters into the First Division of the national Parliament in Rome.

The lack of impact made so far by the regions is confirmed by a recent opinion poll in Tuscany, which found that nine out of 10 interviewees did not know what the regional authority was.

So what hope is there of breaking free from this depressing mould? Realistically little, unless that basic ambiguity over what regionalisation should mean can be resolved, which appears unlikely. Short of greater powers devolved from the centre, the cloying hold of the Rome political parties can only continue, especially if stalemate there forces them to cast the net even wider to garner new power.

# Small pacemakers rejuvenate industrial heart




**Piedmont
Lombardy
Veneto**

*THE NORTH of Italy* has traditionally been the country's industrial heartland, contributing well over half of industrial output and most of its exports. The regions of Piedmont, Lombardy and Liguria form what has become known as Italy's "industrial triangle," with Turin the home of the giant Fiat car conglomerate, Milan the country's main banking and financial centre, and Genoa—the third tip of the triangle—acting as the area's port and natural export outlet.

But this triangle has now stretched along the fertile and agriculturally rich Po Valley into the Veneto, which has seen during the last two decades a spectacular growth of small and medium-sized industries — in inter-related and inter-dependent sectors—considered today as perhaps the most vital and profitable part of the country's economic structure. This intricate web of small and medium-sized concerns, which have grown under the umbrella of the large enterprises centred in the northern regions, has economic difficulties of the country at large.

In sharp contrast to the South—or what is usually known as the Mezzogiorno in Italy—the northern regions are steeped essentially in a European rather than Mediterranean tradition. In a sense this has always given northerners a sense of superiority over the rest of the country. This is supported by the fact that unemployment is well below the national average, and in some places virtually non-existant, while incomes are well above the average. In turn the North has acted as a driving force in Italy's rapid industrial transformation during the past 35 years, serving as a magnet for emigrants from *the depressed* South and the base for the country's "economic miracle" of the 1960s.

Today that "miracle" has petered out. After the first energy crisis in 1973, which hit Italy only a few years later, the process of re-adjustment has been a painful one even in the North. With the second energy crisis, the large enterprises in the area are facing even greater difficulties. Fiat, for example, has warned that its very future is in jeopardy, while the sale of the impressive skyscraper headquarters in Milan of the Pirelli tyre and cable group is a visible sign of the harder times which have hit the traditional symboles of the North's wealth.

The main cities have outgrown themselves. The concentration of industry in the area has made the growing recession all the more threatening. With it, and compounded by the failure to build adequate social structures during the fat years of the "miracle," other problems, some deeply disturbing, *have emerged. Above all, the* big migration of people from the South in search of work in the industrial centres of the North has brought with it great social problems which are reflected in the rising crime figures of the *northern cities* and continuing increase in political violence.

It is significant that Milan, Turin, Genoa and Padua (in the Veneto) have become the main centres for political violence. The extreme Left-wing and Red Brigade movement, which claimed responsibility for the kidnap and murder in 1978 of Sig. Aldo Moro, the late Christian Democrat leader, has *flourished in the undergrowth* of discontent among factory workers, students and the unemployed southern emigrants.

Although the North must share some of the blame for this steady decline in the quality of life in many of its main cities by failing to provide in time the adequate structures for their development, it tends to put the blame largely on the central Government and the political parties, in Rome. In broad terms the North has traditionally viewed the South's hold on Italian politics and the huge incompetent administration in Rome as incompatible with the needs of modern industrialised economy.

## Campaigning

At present private industry, led by Fiat, is campaigning for an improvement in productivity and a reduction in the high level of Italian labour costs to boost the flagging competitiveness of big industry as a whole. But so far there are few indications that either the political parties or the trades unions will finally *agree on a longer term* recovery programme for the economy to tackle the structural weaknesses of the system like Italy's highly inflationary automatic wage indexation system and the ever-expanding public sector *borrowing requirement* which has effectively prevented a stable process of resource accumulation.

But it would be misleading to consider the North only on the basis of the concentration of large industry in the area. *Although* the problems of giant groups like Fiat or the Milan-based Montedison chemicals conglomerate have inevitably worked themselves down to the smaller and medium-sized enterprises in the area, the latter have none the less shown a remarkable capacity for expansion at a time of growing recession. Indeed they form today the basic industrial fabric of the North and their continuing profitable performance has led many economists to consider them as Italy's "second economic miracle."

Most of these small concerns operate in a varied range of low-capital-intensive industries including textiles, plastics, machine tools and other engineering goods, agricultural machinery and products, some electronics and components, shoes, leather goods, furniture and an assortment of workshop industries. These concerns have grown largely through relying on their own devices, and their broad range of activities has ensured a degree of flexibility that is to be found in few other Italian areas.

They have often been criticised as representing unfair competition through their abundant use of the controver*sial characteristics of* Italy's so-called "twilight economy"—double or black labour. But they tend to regard this as another form fo sub-contracting which in turn helps the structure of small and medium sized industries to expand constantly in different directions.

They are largely export-orientated, and their remarkable performance goes a long way to explain why Italy last year had an annual growth rate of nearly 5 per cent—one of the highest of any industrialised countries—and a real increase in exports of 7 per cent over the previous year. In the case of the Veneto region alone, where small and medium concerns have proliferated in recent years, the annual growth rate in real terms of investment has been of 4.6 per cent during the past five years compared to a national average of 3.8 per cent.

Exports now account for up to 40 per cent of total output of small and medium-sized industries in northern Italy, and although European Community countries still represent their principal export markets, these unorthodox industrialists have turned to other markets like the Middle East or the Far East in growing numbers.

As a measure of their success, it is significant that while big industry has been calling for a devaluation of the lira to support its exports, the smaller concerns have continued to remain competitive despite a domestic inflation rate double or triple that of their international rivals.

But industry is not the only important feature of the North. The area is also one of the main agricultural areas of Italy, with the long and in parts beautiful *valley, of the River Po* accounting for nearly 15 per cent of the country's agricultural output. Unlike some parts of the depressed South, farming on the whole is efficient and mechanised and in the hills some of the best vines of Italy are produced. The North, especially along the Ligurian Riviera or on the other side along the Adriatic to Venice, is also a major tourist area—and tourism is expected to earn Italy some L8,000bn in foreign exchange this year.

**Paul Betts**





**Valle d'Aosta**

# French patois spoken here

"FRANCE WOULD have had the strongest ethnic and linguistic reasons to annex the Valle d'Aosta. When our troops were there in 1945 they found an almost universal wish to belong to France. But since the snow of Mt. Blanc cuts communication between France and Aosta for eight months of the year, the valley's life is bound to that of Italy, and we did not try to annex it. All we wanted was that Rome should recognise its autonomous status."

Thus General de Gaulle in his memoirs sums up the peculiar status of the Valle d'Aosta in words in some respects as relevant today as they were in the closing days of the last war, when Aosta was finally liberated from the Fascists and Nazis. Italy's smallest region in terms of population and territory is in terms of history and culture among the country's most fascinating and complex.

Not surprisingly, along with the largely German-speaking Trentino Alto Adige and the eastern frontier region of Friuli Venezia Giulia, Aosta is one of the three Italian regions which enjoy a special status under the provisions of the post-war constitution, which was finally put into operation in 1948 and differentiates them from the 15 "ordinary" regions of mainland Italy.

Wedged in the north-western extremity of the country, Aosta is more than 90 per cent mountainous terrain—indeed the average altitude is said to be close on 2,100 metres (6,825 feet) above sea level. The town of Aosta itself, capital of the region and with just 40,000 inhabitants, has in the summer a jewel-like setting of snow-capped mountains, verdant lower slopes and a brilliant blue sky. It stands more than half-way up the narrow valley winding up from the Piedmontese plain that provides the central thread of communications for the region.

## Framework

To dwell on the geography of Aosta is not merely to yield to the beauty of the setting, but to set the framework within which the region's past and its flourishing, if rather uneasy, present can properly be understood.

At the root of the matter is what Sig. Mario Andrione, the *Valle d'Aosta regional* president, calls a "problem of frontier." Historically Aosta took on separate shape with the break-up of the State of Savoy. When Italy became independent in 1860 it was entirely French-speaking.

Even today, despite immigration from the south of Italians, and emigration to France and elsewhere of native Valdostians, 65 per cent of the population speak a French Provencal patois. But inevitably the fact that Aosta is part of Italy and that the local language—unlike its prestigious mother tongue French—does not have a literature, the Francophones are on the defensive.

Feelings of Aosta towards France have fluctuated wildly—from the downright Francophobia encouraged by Mussolini to purify the Italian nation to the equally violent Francophilia immediately after the war, when as de Gaulle sensed, Aosta might readily have cast in its lot with France. Today cooler counsels prevail.

Paris, it is now fully realised by a profoundly independently minded people, is inherently *today an infinitely more* centralising force than Rome. The autonomous status of the region provides it slightly more self-determination and above all enshrines French as a language of equal treatment, on paper, with Italian. In schools, for example, the same number of hours must be devoted to the study of both languages.

However, less and less French is heard around the lower-lying valley areas. The money, the industry, much of the tourists and most new residents come from Italy proper, *producing the result which* Mr. Alexix Betemps, a militant of the Union Valdotaine (UV) autonomist party, describes as "colonialism in the true sense of the word."

Separatism, though, is dead. The only glimpse of it is a fading scrawl on a crag overlooking the valley proclaiming "Va Libra." For the rest, the autonomous status is generally reckoned to be the best offer going. The problem is the lack rather than the excess of central direction from Rome.

Whatever the dissatisfaction with the constitutional workings of regionalism, there is no disguising the new-found prosperity of the place. It is of no matter that Aosta's major industry, the Cogne steelworks set up by Mussolini in the 1930s to attract "pure" Italians to populate the region, is in the same plight of the steel industry everywhere. Cogne employs 5,500 people, its debts are L200bn (£105m), and revenue does little more than cover debt interest charges.

## Blessing

In that sense, at least, tourism is an unqualified blessing. Any shortage of industrial jobs has been more than offset by the growth of hotels, and the demand for accommodation and other Alpine sports facilities. Last year 5m "tourist-nights" were spent in the Aosta region, and official income from the sector is put at between L250bn and L300bn (up to £145m). But the "unofficial" extra revenue deriving from second residences and so on, principally owned by other Italians, may be as much again—and it is no surprise that Aosta, despite its unpromising economic starting point, has a standard of living as high as that of neighbouring industrialised Piedmont.

But tourism is always a sword that cuts both ways. The main victim has been agriculture, particularly the hill-farming traditionally practised in Aosta, which has never yielded great income but which has been important to preserve the natural equilibrium of the area. Instead, erstwhile farmers have found it far more profitable to sell out their land for building purposes.

Milanese, Turinese and Genoans are the main purchasers. But their real contribution to the local economy is slight since their second homes are occupied for at most two months a year (a month in the winter and a further month in the increasingly popular summer season).

As a result the regional authorities have had to impose a virtual ban on the building of new second homes, to ensure the protection of the environment.

*Meanwhile the tourist* authorities (not conspicuously aided by central government) are trying to consolidate the gains by instigating a programme of improving existing hotels, restoring old villages and old houses.

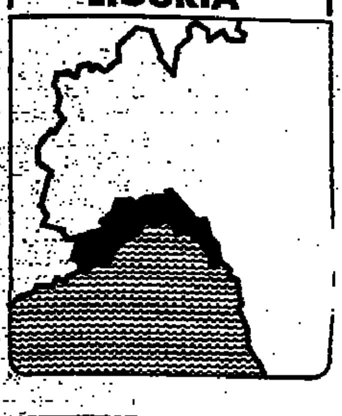
The clear lesson is that the Valle d'Aosta will have to fight for itself if it is to preserve its identity in the absence of any coherent assistance from Rome 400 miles to the south. Realistically there is little chance of the region strengthening its ties with its neighbours, including French Savoy. The two are natural rivals rather than allies, both in the same market of sun and snow.

**Rupert Cornwell**

## ITALY'S REGIONS III

# Huge wealth, but an unsure future

### LIGURIA



SOMETHING IS wrong in Liguria, the kingdom of Genoa. When the Queen visits the city this October, even the lavish welcome she will receive is unlikely to soften much the dour, almost forbidding, facade behind which traditional Genoa has always sheltered and flourished. The mountains which sever the coastal strip of Liguria from neighbouring Piedmont and Lombardy, so near yet so remote, have shaped the destiny of the city. Its wealth—derived from the port (Italy's largest) and shipping, and fostered by the cautious mercantilism of arguably Italy's most internationally minded community—is enormous, but hard for the visitor to discern.

Genoa indeed virtually is Liguria. In no other Italian region perhaps is the capital so dominating. More than half of Liguria's population and most of its industry are clustered in the city, which oozes like toothpaste from a tube into every valley, nook or cranny that the mountains permit. The only other big town is La Spezia, the naval base close to the border with Tuscany and a centre of the thriving Italian armaments and defence industries. For the rest there is San Remo, the frivolous holiday capital of the "Riviera of the Flowers," and scores of other resorts, more or less picturesque, mostly wedged between the sea and the steep slopes behind, and all drawing much of their appeal from the mild micro-climate which the mountainous shelter provides.

### Ageing

Yet something is amiss. Genoa and Liguria seem ageing and stalled, if not ossified. Old ruling dynasties and old certainties have disappeared while new ones have yet to emerge, and a region that has been a pillar of Italy's rich northern industrial triangle is unsure of its future.

You would not guess as much from the statistics. The total income of every Ligurian employed in 1978 moved narrowly ahead of that of industrial Lombardy — L5.47m ($6,566) per capita compared with L5.21m ($6,255). Yet the reality underlying the statistics is different and depressing.

Much of this wealth reflects the influx of rich pensioners who have come to settle in the region, often from Milan and Turin, thus making permanent the annual summer flux of holidaymakers to the Ligurian Riviera. In Genoa itself the deathrate is almost double the birthrate. The youthful exuberance which for better or worse marks many another big Italian city is rarely to be seen. A quarter of Liguria's population—435,000 to be exact—are pensioners, hardly the stuff of which tomorrow's dynamism is made.

This and the physical lack of usable land to devote to new industry have tended to suffocate the development of fresh, market-orientated, small and medium industries—the core of the emerging centres of Italian prosperity.

With a few notable exceptions (of which more later), the Ligurian economy comprises essentially old industries in trouble, like steel and the crisis-torn shipbuilding sector, as well as the traditional services that sprung up with the growth of the port—freight, insurance, and the like. All were knitted together in a reassuring fabric of a few great families and a powerful conservative Church establishment.

Yet those fixed points of the political compass are either disappearing or have already vanished. Ten years ago it was said that three men controlled Genoa: Sig. Angelo Costa, the shipping magnate; Sig. Paolo Taviani, the local Christian Democrat Party magnate; and Cardinal Archbishop Siri, pillar of traditionalist Catholic values and sometimes in the past presented as a Right-wing candidate for St. Peter's throne.

Today Sig. Costa is dead, Sig. Taviani is only a Christian Democrat senator of modest significance, while the Cardinal's grip on Genoese life is weakening. Indeed, although his is still perceived by some as the heavy hand shaping the city's affairs, he reaches next year the retirement age of 75 laid down by Pope Paul VI. The Christian Democrat Establishment, which ruled the city in the first five-year regional administration between 1970-75, is rudderless.

Most important of all, this lack of a "city boss" with real clout in Rome has diminished the favours bestowed on Genoa by the capital's bureaucracies.

Since 1975 Liguria's regional administration has been a "Red" one of Communists and Socialists. Albeit unspectacular, it is felt by neutral observers in the city to have been a big improvement on its predecessor, and to have done at least enough to merit a further term. Whether it secures one will depend on the intricate political negotiations under way following the Left's loss of an overall majority last June.

Its achievements so far are in a sense negative — most notably in the absence of major scandals and in a less disorganised administration. But there are some hopeful signs for the future, including the development of an understanding between the Left-wing rulers of the municipality and region and the Genoese industrialists with their plans to modernise the port.

This process has been helped by the growth of a new class of technocrats who have been injected into the city with the arrival of the second wave of State industry, the highly specialised "brain centres" of groups like Ansaldo, in charge of Italy's nuclear industry, and Italimpianti, the engineering offshoot of the State-run Finsider/Italsider steel group.

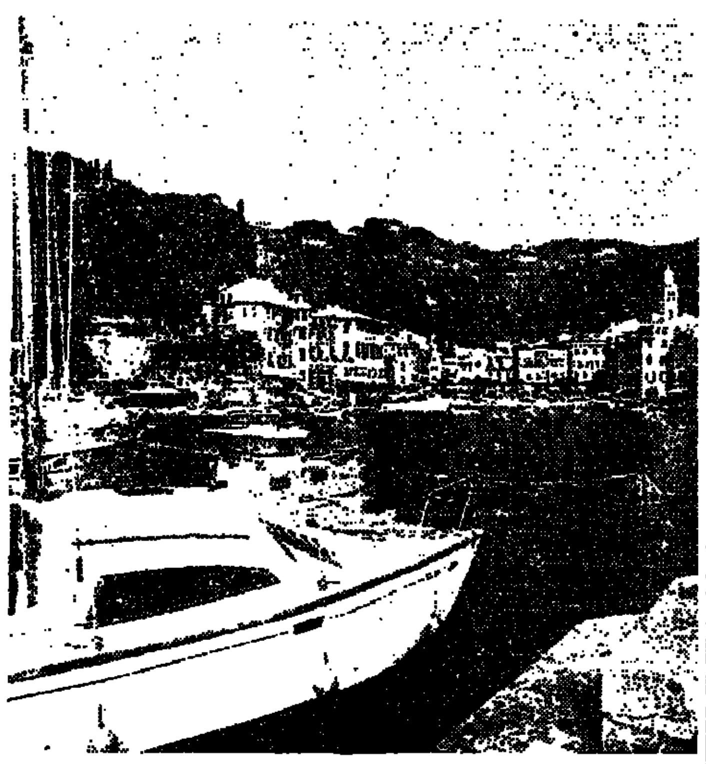
These highly qualified managers are less prey to Genoa's traditional and fossilised social divisions. In a sense they are an embodiment of the coherent development programme that the Left is trying to devise for both city and region, so as to break free of the restrictions that geography has placed on them.

None the less, Genoa remains the prisoner of its divisions, on the cultural abyss which has marked its politics. On the one hand, there remains a working class in the old sense of the term, dominated by the Communist Party (PCI) and by old-fashioned militancy. Genoa was one of the cities where 19th-century Italian Socialism took root, and it often seems that thinking has changed little since.

### Forefront

Genoese Communism has never adjusted easily to the flirtations with the Right of the Rome PCI leadership, or to the doctrine of the "historic compromise." In 1967 it took to the streets to protest at the transfer to Trieste of the headquarters of Italcantieri, the publicly owned shipbuilding group. This year its workforce has been in the forefront of agitation against the Government's latest economic deflationary package.

Not surprisingly, Left-wing extremism found fertile soil in the frustration and confusion aroused in the Genoese workforce by the moderate policies of both union and Communist leaders in Rome. The city has been repeatedly scourged by terrorism, and indeed was the starting point of the Red Brigade's offensive.



*Portofino, one of the many holiday resorts on the Ligurian Riviera*

Entirely separate is the other Genoa of the moneyed shipping and industrial families, hidden in villas of legendary wealth in the folds of the Ligurian hills. The two worlds never meet, being linked only by silence and mutual suspicion. The Church has done little to bridge the gap, which remains perhaps the most serious obstacle to the region's regeneration.

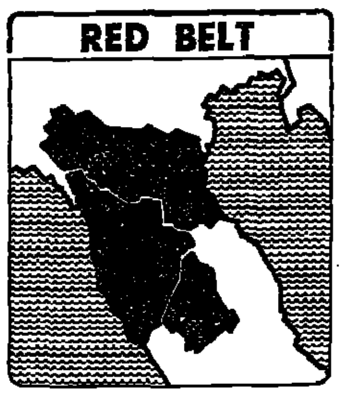
Serving only to deepen the sombre mood of the region are the current difficulties of the tourist industry, caught in the grip of what until mid-July at least has been an appalling summer.

But all is perhaps not so black. Some observers claim to detect the first evidence of a new entrepreneurial spirit breaking free of the old mould, and a growing professionalism in the Genoese State industries, partly under pressure from the huge losses registered in recent years by many sectors, especially steel and shipbuilding. These are the prime requirements of Liguria today, and ones which a majority appears to believe a Left-wing regional government is capable of fostering.

**R.C.**

# Flight from the land benefits agriculture and industry

RED BELT



**Umbria**

**Tuscany**

**Emilia Romagna**

AS YOU drive through Umbria one prosperous, neat-looking town follows another — Narni, Todi, Spoleto, Sangemini, Assisi, Perugia. Even Terni, with its loss-making steel mill, looks like a well-ordered provincial city. Tidy fields and well-tended olive groves leave the impression that agriculture in Umbria pays.

Rich-looking villas along the newly asphalted roads and even news of the occasional kidnapping all indicate that Umbria is no longer that isolated region of wind-swept hill-top villages famous only for its mystics and saints. Only the areas around Norcia, damaged by last year's earthquake, are a reminder of what Umbria used to be—craggy Apennine country, subsistence farming and bad communications.

Umbria is a landlocked enclave between the motorways which run through the much more prosperous Tuscany to the west and the tourist rich Adriatic coast to the east. It has no airport and no outlet to the sea. But Umbrians believe that its past isolation may have advantages. Umbria has been allowed to develop at its own pace and as a result has managed to avoid many of the mistakes made in other parts of the country.

Apart from the State-controlled steel mill at Terni and a few small chemical plants, Umbria has been careful to cultivate the small to medium-sized family firm. There are ceramics at Deruta, food and confectionery at Perugia (the region's capital), textiles, soft furnishings, pottery — almost all are home-grown companies independent of boardroom decisions taken in Turin, Milan or Rome, or even overseas.

In the past ten years industry has been able to make the most of a labour force coming off the land. During the last decade jobs in agriculture dropped by half and although some of the migrant labour went abroad much of it was absorbed into the urban areas without the usual disastrous upheavals.

The flight from the land has also worked miracles for agriculture. Production over the decade has risen by 30 per cent —a figure well above the national average for the period.

But it is in the service industries that the big expansion is taking place. In the past ten years there has been an increase of 10,000 jobs in this sector. Much of the growth has been provided by tourism. The number of hotel beds has risen during the decade from 8,000 to 13,000. The music festival at Spoleto, antiques at Todi, the continuing pull of St. Francis at Assisi — all within easy reach from Rome — has meant that Umbria is now a considerable foreign currency earner.

The provincial and regional bureaucracy has also proved a major employer. It is estimated that in Umbria there is one bureaucrat for every 160 habitants, compared with one per 1,200 in Piedmont. The subject became such a political hot potato that a commission was formed to look into allegations of excess patronage by the ruling Communist and Socialist Parties.

Some of the commissions findings did not back up the usual image of efficient government by Left-wing coalitions but the picture that emerged was more one of muddle and lack of professionalism than of abused party patronage or corruption. This was not enough to shake the voters' faith in the Communist-Socialist formula which governs the region and even the Communist Party's fear of a strong Socialist advance proved unfounded.

The same cannot be said of the other two "Red-belt" regions —Tuscany and Emilia Romagna. While no one expects spectacular changes in either of these regions as a result of the Socialist Party advance at the elections held in June, there could now be a subtle change of emphasis.

The biggest shock to the Communist Party came in Bologna, which has always been the model to end all models of a Communist city administration. Here the Communist mayor Sig. Renato Zangheri saw his preference votes shrink by almost half and the Party lose its absolute majority. Small parties to the Left of the PCI picked up some votes, but the main gainers were the Socialists.

Bologna has been in trouble since the explosion of student violence in 1977. The rioting took both the city and the country by surprise, mainly because student grievances did not fit into the carefully cultivated image of an ordered, efficient and contended city.

Sig. Zangheri himself took a particular beating. From being the symbol of all that was once right with the Communist Party —efficient, approachable, articulate, forward-looking — he suddenly became the symbol of all that was wrong—too open to the Right, too tainted by power, too paternalistic. The end of this love affair with the Communist Party, particularly among the young, led to the formation of an amorsphous political grouping called the List of the Sun—a ragbag of intellectuals, conservations, flower people which the PCI tried to win back into the fold with open air concerts.

If there was amo mentary feeling of panic after the elections in June Sig. Zangheri now appears to have regained some of his confidence. As he points out, the defection from the Communist Party in the city this year was not as large as it was at the general election. The PCI can also take comfort from the fact that its support stood up in almost all the rest of Emilia Romagna and even in Parma, where a building scandal which threatened to taint the party's clean government image was turned to its advantage at the last moment when no evidence of corruption was produced.

There is, however, little doubt that the Socialist Party has gained a new confidence as a result of its electoral gains in Bologna. The Socialists are no longer crying for Sig. Zangheri's blood as they were in the first moments of post-electoral euphoria, but they now feel freer to play a more decisive role at the regional level. Just what the party will demand will depend largely on instructions from Rome.

## New balance

Tuscany is also having to reckon with a new balance between Communists and Socialists. Socialist gain in Florence have shaken the confidence of the Communist mayor even though the PSI is unlikely to ask for a change for fear of upsetting relations with the PCI at the regional level; or perhaps the socialists would just prefer to let the Communists grapple with the city's housing and transport problems and the hordes of tourists. Although Florence is Italy's next best tourist attraction after Rome and Venice, it lacks the facilities to cope with the sort of invasion of out-of-towners that the recent Medici exhibition produced.

At the regional level the Left-wing administration has the usual mix of finance and health care problems to deal with. Tuscany claims to be the most efficient region in Italy at allocating Government funds. Whereas in some regions as 30 per cent of Government finance never reaches its target, or does so only after considerable delays, Tuscany claims that only 3 per cent of its Government allocation is sitting idly in its coffers. All very well, reply the critics, but the same money is now lying unspent by the city and town administrations instead.

Difficulties in organising its new health services are not unique to Tuscany either, and like most of the other regions it blames Rome for the delays and bungling. Once the envy of many other regions, the Tuscan hospital system is now suffering from chronic overcrowding. The private clinics which have sprung up as an alternative are sions unprofessional.

But whatever the electoral shifts and administrative difficulties, the overall feeling of stability, order and prosperity remains in the Red-belt regions. The problems there seem minor compared with those elsewhere — or perhaps they just seem so because they are tackled with a civic spirit and pragmatism that goes back well beyond the advent of the Left-wing administrations.

**Mary Venturini**



# Astride the two Italys

LAZIO

IF THE region of Lazio means anything to the people of Rome it means more bureaucrats, more offices, more form-filling —another administrative nightmare to set beside City Hall and the maze of central government offices in the capital itself. Those who actually work for the region see it all rather differently. The ordinary man in the street, they say, is beginning to like the idea of the region. It is at last beginning to make a concrete difference to his life, particularly in such areas as transport and welfare services. The mayor has too few powers, so the argument goes, and the central government is too remote, but the region is now turning into just that half-way house that was needed.

There is certainly a new feeling of optimism at the regional headquarters. Perhaps it is because the massive concrete and glass headquarters in the Mussolini-built suburb of Eur will finally group the regional offices together under one roof for the first time. Perhaps it is because the new Rome underground is now running efficiently after a decade of frustrations and delays. Perhaps it is because the reorganisation of the health service has gone much more smoothly than anyone dared hope. Whatever the reasons there is a positive feeling that the regional government is starting to make a difference to the development of Lazio.

One of the region's biggest headaches but perhaps also one of its biggest assets has been Rome itself. In the past it has acted as a magnet attracting people, jobs, housing, investment and tourists away from the rest of the region. But it has also acted as a sort of safety valve providing employment, hospitals, transport and education for an area that might otherwise have become little more than a transit zone between Italy's prosperous North and its underdeveloped South.

Lazio in fact has become a sort of dividing line between the two Italy's. Some of the region's worst problems have been caused by the unfortunate piece of central government planning which effectively divided Lazio into two. Lazio to the South of Rome qualifies for the Government's development grants for the industrialisation of the South. Lazio, north of Rome, apart from an enclave around the town of Rieti, does not qualify.

This division has had obvious consequences. Driving south of Rome through what were once the Pontine marshes, mile after mile of light industry meets the eye. Driving north of Viterbo, there is hardly a factory or an office block to mar the beautiful rolling countryside. The region's main task therefore has been to bring together the three Lazios —Rome and the southern and northern parts of the region.

The first positive signs of change came last year when the towns of Prosinone in the south and Rieti in the north registered an increase in their population while that of Rome remained stable.

In the past Rome has always attracted people out of its hinterland. A reverse process could now be on the way as overcrowded services in the capital face the development of the smaller towns, all of which are within about 70 miles of Rome. One of the region's aims is to link this ring of cities—Latina, Frosinone, Viterbo, Rieti —with a good public transport service to and from the centre.

As far as industry is concerned the aim of the Left-wing regional government, which now looks as though it may be patched together for another term in office even though it lost votes at the June elections, is to attract investment into the neglected north of the region.

## Easy credit

It has tried to do this through the formation of industrial consortia to provide infrastructure planning and development—roads, water, lighting, pollution control systems—and to encourage easy credit facilities from town councils and savings institutions. But in practice the possibilities of eradicating the distortions cause by the central government's subsidy system are limited as the region has no direct say in national economic planning.

Lazio has also found that the grants for industrial development in the south have attracted mostly northern-based or foreign companies into the region. This means that vital decisions about such things as levels of employment are often taken well beyond its reach.

But if Lazio often finds itself at the whim of faceless central planners or distant boardrooms, it is also true that national plans can be upset by regional or even town council decisions.

One of the best recent examples of this is the court injunctions on the construction of the nuclear power station at Montalto di Castro in the northern Lazio province of Viterbo. Local opposition organised by ecologists has now forced the region—once in favour of the development—to come out against the construction until further proof as to the safety of the site can be produced. The central government has pinned considerable hopes on Montalto because it may be the only one of the five nuclear power stations now planned which has any chance of becoming operational in the 1980s.

It is, however, the service industries which are the main employer in Lazio. Most of the jobs are either in commerce, tourism, welfare services, transport or the national government. These are particularly difficult to locate outside Rome. It is no easy task, for instance, to prise foreign tourists out of the Eternal City even though its own inhabitants know that Frascati, Tarzuinia, Subiaco, Viterbo and Tivoli have much to offer.

Decentralising the health services out of Rome has also been a mammoth undertaking. There is a sort of fixation, especially among Italians living south of the capital, that Rome has the ultimate to offer in the way of medical treatment for even the most common complaints. One look at Rome's hospitals is enough to see that this is not the case, particularly now that small but well-equipped and staffed hospitals are springing up not only in the most unlikely parts of Lazio but also throughout the rest of the south.

The region, which is now directly responsible for the health services, is developing facilities to encourage as much local out-patient treatment as possible—day-care centres, laboratory services, remedial and geriatric units—in order to relieve the congestion in the Rome hospitals. Up to now these have had to provide almost all the ancillary health care services. This has meant that both beds and personnel have been taken away from the more seriously ill.

The success or otherwise of these projects will depend largely, however, on financing from the central government. As past debts to hospitals incurred under the previous health care system have not been paid the regionally controlled scheme is at an immediate disadvantage.

About 90 per cent of Lazio's budget—which totals L3,000bn this year compared with L362bn only five years ago—is in fact already determined by national laws controlling such things as public housing, welfare services and education. This leaves the region with little real independence from the central government. Even so, the regional government of Lazio has found that its freedom to spend the available money where and when it sees fit can make a considerable difference to the overall development of the territory under its control.

**Mary Venturini**

# Little worlds of their own


## Sardinia

## Sicily

IT IS dangerously tempting to lump the islands of Sicily and Sardinia together, with little discrimination, whenever one writes on the Italian regions. Both islands are poor and embody most of the ills of the Italian South. Both were granted a special more autonomous regional status in 1948, and were combined last year into the fifth giant Italian "Euro-constituency" for the first direct elections to Strasbourg.

Cagliari in Sardinia and Palermo in Sicily are geographically closer to Africa than to Rome, and inhabitants of both islands talks about the "*Continente*" when they travel to the Italian mainland. There, both Sicily and Sardinia are interchangeably accused as having given little to Italy except violent crime; in the case of the first the Mafia, in the case of the second the "*Anonima Sequestri*" or "kidnaps incorporated."

Yet such similarities are superficial and in some respects misleading. In a sense the two islands are the opposite ends of the Italian social spectrum.

The German writer Goethe is not the only foreigner who has come to see Sicily as the most perfect, indeed exaggerated, distillation of the vices and virtues of the country (and generally of its vices). Sardinia, on the other hand, often seems hardly to be part of Italy at all. Geographically far more remote than Sicily, it has been on the sidelines of the great events and movements which have shaped the mainland—always a potential colony, but for long periods unattractive enough for would-be colonisers to leave alone. Even its incorporation into the modern Italian State has not basically changed that rule.

Lipservice to the difficulties of Sardania has always been paid by the central government. Extravagant promises of financial aid have never been lacking—nor even the theoretical means to fulfil them. On top of credits from the Cassa per il Mezzogiormo (the Government development agency for the South), the Government launched a "*piano di rinascita*," or plan of rebirth, for Sardinia, making available an extra L1,000bn (£520m) of special credits to aid the development of the island.

### Predators

Inevitably such largesse tends to attract predators, and so it proved. Previously, as one Sardinian politician put it last year, the island "nobody's territory." But in the late 1960s, tempted by the prospect of cheap funds and an expanding world petrochemicals market, Sig. Nino Rovelli, the founder of the Societa Italiana Resine (SIR) chemicals group, set out to turn Sardinia into his own industrial colony.

He swiftly attracted the epithet of "*vicere*" (viceroy). Cagliari soccer team was bankrolled by Rovelli and even won the league in 1970), local papers were founded by him and chemical plants of SIR soon dotted the island. At its height the industry employed 20,000—making it easily the largest source of employment on the island. Agriculture was neglected; mining, the other traditional occupation of Sardinia, was ignored in favour of the petrochemical god.

Today the wheel has turned full circle. SIR is in ruins, and last month its local management threatened to close every one of the Sardinian plants on the grounds that the company no longer could buy raw materials. As the politicians in Rome wrangle endlessly over how (or whether) to rescue SIR, Sardinia's agony intensifies.

Sardinians are being forced to relearn the lessons of history—that fate is rarely kind to them and that life is more promising elsewhere. Half-a-million Sardinians have emigrated, and of the remaining 1.5m over 80,000 were unemployed before the warning of the chemical closures. Sullen resignation is the keynote, not eased by the flaunted holiday encampments of the rich on the Costa Smeralda or the presence of a U.S. nuclear submarine base at nearby La Maddalena Island.

In some respects, though, the loss of Sardinia's lifeblood is Italy's gain. Sig. Francesco Cossiga, the Prime Minister, is a Sardinian, as is Sig. Enrico Berlinguer, the Communist leader. So was Sig. Antonio Gramsci, the founder of the PCI.

The sad island they have left behind might anywhere else have proved a breeding ground for separatism. In fact, however, by both accident and design the central government has mostly been spared that threat. A population overwhelmingly of the old, the unemployed and public servants is unlikely to rise up against Rome, ultimately the only, no matter how imperfect, benefactor it has.

Last year under 5 per cent of the electorate voted for the separatists. In the wild mountainous centre, the true soul of the island, such ideas are of as scant relevance as the notion that petrochemicals would put right centuries of neglect in a single decade.

### Crossroads

But if Sardinia suffers from a shortage of history, Sicily's problem is the opposite. Three times larger by population than Sardinia, for thousands of years it has been the crossroads of Europe. Greeks, Romans, Arabs, Normans and Bourbons were all there before the Italians. It possesses astonishing natural beauty, ancient ruins galore and some of the most fertile land in Italy.

Yet like Sardinia it too is today in large measure a symbol of the ineptitude of central government—and a magnification of its defects. Clientelism and patronage, those cornerstones of the Italian way of politics, reach their most prodigious level in Sicily. Indeed, it has become fashionable to talk of the "Sicilianisation" of government in Italy as the latter's shortcomings have become more obvious.

In many respects the island can be divided into two. The east is comparatively industrialised, prosperous and open: Catania is the capital of this region within a region. To the North stretches the tourist coast par excellence, through Acireale and Taormina up to to Messina opposite the Calabrian toe of Italy. To the south are many of the chemical and petrochemical complexes which have represented the main efforts of the Government to industrialise Sicily, which possesses over 30 per cent of the country's refining capacity.

Needless to say, though, the efforts have not proved a success. Sicily again is an extreme example, this time of the misguided efforts to aid the South by siting massive new ventures unrelated to the fabric of society and infrastructure which surrounds them

Large sums of money have been spent and few jobs created. Those that were have been threatened, as in Sardinia, by the problems of the sector. Milazzo, for example, the biggest single refinery in Italy, just west of Messina, is menaced by the financial collapse of the oil group of Sig. Attilio Monti which owns it.

As in the case of Sardinia, little has been done to develop agriculture despite the advantages of the exceptionally mild winter climate in the low-lying parts of the island. Tourism too ought to benefit from that same factor, but largely does not.

All these problems increase as one moves westward across the island. It is the western half of Sicily where the Mafia operates: the line traditionally is drawn as running directly north from Agrigento. Palermo, the regional and historic capital of Sicily, lies to the west of this line and justly so.

Whatever its extraordinary appeal to the visitor, evident in the jumble of cultures and the semi-tropical feel of the city, Palermo's main claim to fame today is the Mafia. The fact that the Mafia is the Italian way of organisation pressed to its absolute extreme is another argument to back the thesis that Sicily is Italy gone mad.

The city has one of the highest murder rates in Italy. Within the last 12 months top-ranking police officers, magistrates and the highly esteemed Christian Democrat regional president Sig. Piersanto Mattarella have been assassinated, almost certainly by Mafia killers. So strong is the organisation's grip, and so untypical of the ordinary social difficulties of Italy is the society in which it operates, that the terrorists of Left and Right who flourished on the mainland never took root there.

Palermo has some of the worst building speculation in Italy. Parts of it, even in the historical centre, are scarred everywhere by unfinished or unrepaired buildings, outward symbols of hidden power struggles. Land has always been the most prized asset in Sicily, and the construction industry is a central wheel in Mafia operations. So are drugs—and so too, alas, are some local politicians. But as the killings prove, to root out the ill seems to be an impossible task.

**R.C.**

## The South

# The nation's Achilles heel

OF ALL the problems successive Italian governments have had to tackle undoubtedly the biggest has been the enormous rift between the rich North of the country and the depressed South, or, as the latter is better known in Italy, the "Mezzogiorno d'Italia." Despite huge efforts to develop and industrialise the South, the gap between the two parts of Italy has continued to grow. And once again the new Centre-Left Government of Sig. Francesco Cossiga is committed to a broad economic and social policy to narrow this gulf and promote a programme of development for one of the most distressed areas in the European Community.

Three decades of Government development projects have done little to raise overall living standards in an area of some 20m people and more than 1m unemployed which remains Italy's economic and social Achilles heel. In many respects the situation in the South has got steadily worse. Average incomes are still just over 60 per cent of the national average, while in Calabria, the country's poorest region at the very tip of the peninsula, they drop to 40 per cent.

Wastage, corruption, organised crime and bureaucratic inefficiency, have combined to conspire against the South, together with the areas often archaic social structures and attitudes. The Mafia is not a cliche but a reality which has infiltrated in all aspects of economic and social life of the poorest areas. If in the past Southerners emigrated northwards to jobs in Piedmont or Lombardy or beyond the Italian border to Germany, France or Switzerland, the slowdown of economic activity in northern Italy and other industrialised countries has increasingly reversed the trend.

The mood in cities like Naples or Reggio Calabria is one of increasing discontent as expectations prove fulfilled. In the case of Naples, Italy's third largest city, nearly 10 per cent of its 1.5m inhabitants are unemployed and eke out a hand-to-mouth existence in crowded unsalubrious streets. It is thus not surprising that Naples has become at times a focal point for angry demonstrations by the unemployed.

Equally significant was the appeal by the city's mayor to the authorities not to interfere with the flourishing contraband cigarette business which employs directly and indirectly nearly 40,000 Neapolitans. "At least they have the impression of doing a job." Sig. Maurizio Valenzi, the mayor, remarked at the time.

The growing crisis of Italy's State industries has further compounded the problems of the South. The dire difficulties of the country's largely State-controlled chemical and steel industries, with plants concentrated in the South, threatens more unemployment. Ironically, these were the industries, together with telecommunications, on which Italian planners based the gradual industrialisation of the South. But they created what have now become known as "Italy's cathedrals in the desert," vast capital-intensive projects which have in large measure failed to establish the necessary base for the gradual industrial transformation of the Mezzogiorno.

But costly as these errors in planning have been, there now appears to be a concerted effort to adopt a revised development policy for Italy's distressed southern regions. The emphasis is no longer on large-scale projects in sectors like chemicals, steel or cars. Instead, the authorities both in Rome and at regional level are seeking to attract investment in small- and medium-sized industrial ventures to create the necessary economic tissue for the area's development.

Indeed, in some areas this has already happened with some success, especially in the regions along the Adriatic coast. It is also beginning to happen in more critical areas like Naples and even in Calabria. But the obstacles remain daunting, in particular, there continues to be considerable reluctance on the part of domestic industry to invest in the South despite all the support in the form of subsidised credit and tax facilities. And although in the past some $3bn have been invested in the South by more than 200 foreign companies, foreign investment since the mid-1970s has declined steadily.

### Daunting

But renewed attempts are being made to attract domestic and foreign investment to the South. At the same time, the future of the Mezzogiorno is not entirely hopeless because the area offers a ready workforce and a potentially attractive consumer market. Numerous new subsidised credit facilities are being offered for projects which, co-ordinated with the local authorities, could help in the design of a less spectacular but more rational longer term development programme. Indeed the Government has now set up specialised agencies like INSUD or FIME to promote economic expansion through equity participation or leasing agreements.

Along with this, the Government is proposing to construct substantial new infrastructures to provide the South with the necessary instruments to attract private domestic and foreign investors. Indeed Government planners point out that the Mezzogiorno is strategically located within easy reach of Middle East oil-producing nations, and with natural shipping outlets. To this end shipping facilities are being developed, as well as other major communication projects including a proposal to build a bridge across the Straits of Messina linking Sicily to the mainland and the construction of an airport at Lamezia which could eventually become a staging post for intercontinental air traffic.

A big drive is also being made to promote the Mezzogiorno's two major resources—agriculture and tourism. Agriculture, the traditional backbone of the Mezzogiorno's economic structure, has suffered from the relentless rural exodus to the cities and from inefficient and backward farming methods. In many areas agriculture has been run down at the expense of the earlier macro-industrial ventures in steel or chemicals.

But development policy for the South is now based on a programme centred on agriculture, small and medium-sized industry and tourism. In the case of agriculture there are proposals to improve irrigation, to promote a more efficient commercialisation of southern agricultural products with the aid by a more favourable community agricultural policy for Mediterranean countries, to introduce a programme of affore-station in the deep South, and to set up food processing industries to boost the Mezzogiorno's agricultural production.

As regards tourism, the basis for the development of the industry in the South is already there. The Mezzogiorno offers an extraordinary grouping of resources for the tourist industry. It is an area of great beauty and variety with traditional tourist settlements born during the last century ranging from Capri to Sorrento, from Amalfi to Taormina in Sicily. But apart from these traditional watering holes, there are still many unexploited parts—isolated beaches, small villages in the mountains and hillsides. They are becoming more accessible as a result of the construction of motorways and other infrastructures, which have gradually broken down the Mezzogiorno's centuries-old isolation.

The approach being promoted by both the national and regional authorities is based on the fundamental principle that tourism should form part of the broad economic growth programme for the southern regions of Italy. It should be complementary to agriculture in that it should induce and increase demand for natural and semi-processed farm products from the area. It would thus generate much sought after foreign exchange and through a construction programme of essential services and infrastructure it would create much needed employment.

**Paul Betts**





LOMBARD

# Deep depression at the TUC

BY SAMUEL BRITTAN

KEY FIGURES in British institutions will often talk more freely to sympathetic overseas observers, who are outside British class and partisan conflicts, than they would to domestic reporters. I have recently had the chance to talk to just such a visitor who spent much time with trade union officials — mostly in the TUC, but also in individual unions. What did he find?

Basically, a mood of deep depression. Union officials returned again and again to two matters. The first was the traumatic winter of 1979 and everything associated with it: the unpopularity of the unions, the defeat of Labour in the election, and the loss of the TUC's special relationship with the Government.

Second, there was an obsession with the Press, which is given a large share of the blame for these events. One response has been a new-found interest in public opinion polls. Whereas on previous visits, this investigator found almost nothing under this heading in the library, there is now a bulging file.

## Settlements

Union officials sadly accepted that they would have to settle in the next round for less than the "going rate" of inflation. The kind of figure they had in mind for inflation was 16 to 21 per cent. The level of settlements mentioned was 10 to 14 per cent, with more mentioning 10 to 12½ per cent than the upper end of the bracket.

This mood at the TUC fits in with the recent Marplan poll showing that 76 per cent of the sample population and 63 per cent of the trade unionists in it agreed that "greedy trade unions" were a cause of unemployment. In addition, 73 per cent of the sample agreed with the principle of voluntary work for the unemployed denied by union leaders. Some 55 per cent even thought it should be compulsory. (A bare majority can be wrong.)

There is some strictly short-term economic comfort to be derived from all this. For if unions have now got the message that more pay means less work, and rank and file opinion pushes for moderate settlements, this will mean a faster fall in inflation and perhaps an earlier end to the slump.

But ministers would be making a great mistake if they responded by dancing on the supposed grave of the TUC. If they did they could find themselves facing an unexpected resurrection. In spite of the overall weakness of unions, public sector unions can still cause trouble this winter. However much one might personally favour a more individualistic labour market, the trade unions remain a major estate of the realm and unnecessary sourness between them and the Government does not do anyone any good.

Unfortunately, as a result of so many years of Income Policy, neither the Government nor the TUC really knows how to start a dialogue except on the basis of bargaining over pay norms. The first need is to re-establish contact in human terms, so that ministers and union leaders can talk and not orate to each other. These things depend very much on personalities; and Mrs. Thatcher, Sir Geoffrey and Sir Keith will have to find for themselves the emotional equivalent of the Passchendaele reminiscences which Harold Macmillan used to establish rapport with unions leaders of the day.

There is also a more specific suggestion which was made by Mr. Callaghan in the censure debate, but in an entirely constructive spirit. The Prime Minister he said, would "help the country by saying what impact, in her view, given levels of inflation, money supply and earnings would have on the level of unemployment. The Government have figures and estimates . . ." even though they may not be wholly accurate. The art is to find a happy mean between committing the Government's prestige to a single set of hypothetical numbers and suppressing them as too secret to discuss. Here is a subject which Government and TUC could profitably explore both at the top and at expert level.

## Public mood

But it is not only ministers who need to respond constructively. It is time for union leaders to realise that even the most scurrilous Press campaigns are feeding on a very understandable public mood. If they would make one non-sulking gesture—for instance by agreeing that the six picket idea should be given a try—they might be astonished how quickly public opinion might come round to a less hostile frame of mind. The chasms of mutual misunderstanding in British society are not inevitable, but will take a lot of imagination to bridge.

# A judgment for the banks to exploit

IT IS fashionable to deride the Brussels bureaucracy, and their "harmonisation of laws" in particular. It is just not on to see advantages which could be derived from the ruling of the European Court in Luxembourg.

Is it possible that the prejudice against all things bearing the EEC brand has so blinded the financial institutions of the Community that they cannot see the new possibilities created by the court's rulings on cross-border services and opening of branches in other member-states?

No bank or insurance company seems prepared so far to exploit the openings created by an Employment Agencies judgment of the European Court* over 18 months ago. Briefly, the facts were these: the accused in a Belgian criminal prosecution, Wesemael and Follachio, were charged with a breach of Belgian law by engaging variety artistes in Belgium through an entertainment employment agency licensed in France but not in Belgium. Wesemael and Follachio had turned to French entertainment agencies because their fees were lower and their contacts with the French artistes at least as good as those of the Belgian agencies.

When prosecuted in the Belgian courts, Wesemael and Follachio argued that the requirement to use a licensed agency in Belgium was contrary to Articles 59 and 60 of the Treaty of Rome which provide for the abolition of all restrictions on the freedom to provide services within the Community. (The term "provision of services" in this context means industrial, commercial or professional services provided by a firm in one EEC state to the nationals of another member state.) The Belgian court, faced with this defence, referred the matter to the European Court in Luxembourg for its opinion.

What the court had to decide was whether, in the absence of a directive harmonising the activities of entertainment agencies, the accused could rely on Article 59 which seeks to outlaw all discrimination against the person providing a service on the basis of his nationality or the fact that he is established in a member state other than that in which the service is to be provided. Ever since an earlier landmark decision in the Van Binsbergen case†, it had been accepted that although discrimination on grounds of nationality or residence was prohibited, member states could impose requirements which were "objectively necessary" in order to secure compliance with professional rules.

The Belgian Government argued successfully that there was no discrimination on grounds of nationality in this case, because anyone was free to apply for a licence. This left the court to decide whether the licensing requirements themselves could be described as "objectively necessary." It took the view that to allow unlicensed agencies to operate in Belgium without adequate supervision would be unreasonable when Belgium insisted on licensing and supervision for its own employment agencies to ensure some measure of protection for the public. But the court held that a licence requirement could not be justified where the employment agency already held a licence granted by another member state under comparable conditions and its activities were subject to proper supervision.

Mr. Advocate General J. P. Warner put it in his opinion‡: "Suppose that legislation identical to that of Belgium existed in all nine of the member states. An agency wanting to have a Community-wide business would then need not only to apply for a licence in each member state, but also to deposit elaborate documents and a substantial sum of money in each of them. That cannot, in my opinion, be what the authors of the treaty meant by 'freedom to provide services.' Nor is it compatible with the concept of a common market."

There is no reason to believe that the same principle should not apply to other services. Yet all member states still insist that banks licensed in another member state must obtain a fresh licence if they wish to provide services on their territory. As all member states have now complied with an EEC harmonisation directive and introduced equivalent legislation to control the activities of banks, the condition laid down in the Employment Agencies judgment has been satisfied. Substitute "banks" for "employment agencies" and there is an instant ruling for greater freedom of action.

The application of the principles laid down in Wesemael and Follachio is limited only by the fact that the liberalisation of banking and insurance services depends on the liberalisation of movements of capital. This, however, need not be an obstacle where free movement of capital has already been achieved.

## THE WEEK IN THE COURTS

BY A CORRESPONDENT

The same approach was used by the European Court in a driving licence judgment§ two months earlier. This is of particular interest because the question referred to the court was whether it is an illicit restriction of the freedom of establishment to require someone who already has a driving licence issued in a member state to obtain a second licence in another state where he intends to set up a business.

The case involved a French national who had lived in Germany for more than a year. The accused, a M. Choquet, was prosecuted for driving without a valid German driving licence. He held a French licence and argued that the requirement that foreign nationals resident in Germany possess a German driving licence was contrary to Community law in that it created an obstacle to the free movement of workers, freedom of establishment and freedom to supply services. He maintained that the possession of a valid driving licence issued by one member state should entitle the holder to drive anywhere in the Community since each state had drawn up its rules with the same aim — to ensure road safety.

The court found that the members states' requirements on driving licences varied so much on maters ranging from the duration of the licence to the frequency of medical examinations and the rules for driving tests, that the recognition by one member state of a driver's licence issued by another member state "cannot be contemplated unless the requirements for the issuance of these driver's licenses are harmonised to a sufficient extent. In these circumstances the requirements imposed by a member state on persons established within its territory . . . cannot be regarded as amounting in themselves to an obstacle to . . . freedom of establishment."

However, the court held that these requirements could be regarded as indirectly prejudicing the exercise of the right of freedom of establishment guaranteed by the treaty if the conditions imposed by national rules on the holder of a licence issued by another member state were not in "due proportion to the requirements of the road safety"—the basis of the legislation in question.

Again it is quite easy to transpose this decision into the world of international banking. The test established by the court would then read: "Are the national requirements for the licensing of banks not in excess of what is needed for the security of deposits and other operations?"

Now that the licensing of banks has been harmonised throughout the Community, a bank established in Germany or Luxembourg, for example, could argue that it is entitled to set up in the UK without the need to apply for fresh authorisation from the Bank of England. And, indeed, it is conceivable that an EEC bank relegated to the second division of UK banking, as a licensed deposit-taking institution, might argue that the two-tier system itself was a needless barrier to freedom of establishment—in other words, that it was not "in due proportion to the requirement to safeguard the interests of depositors."

While the first judgment should do away with the need for taking out a second licence for cross-border services, the second should improve the position of institutions wishing to establish an office in another member state.

*Cases 110 and 111/78, FT European Law Letter, February, 1979; †Case 36/74 FT ELL, Dec., 74, p3; ‡ FT ELL, Jan., 1979; §Case 16/78 CMLR Vol. 1, p 565.

# Vienna Miss for Horn Blower

## RACING

BY DOMINIC WIGAN

EIGHT DEFECTED at the final declaration stage for the £5,000 added Horn Blower Stakes leaving six to contest today's five furlong event for juveniles at Ripon.

However, the remaining horses are all previous winners so Yorkshire racegoers are still likely to witness a competitive affair.

The two most appealing prospects are Vienna Miss, a filly already proven in smart company, and another Newmarket filly, the lightly raced Vocalist.

Vienna Miss ran a good race in the Queen Mary Stakes at Royal Ascot. She set the pace for the first three furlongs before tiring in the hands of Lester Piggott. She almost certainly found six furlongs too severe on her stamina when tackling it for the first time at Ayr a fortnight ago.

There, the Thomson Jones filly faded a furlong out in the valuable Strathclyde Stakes after taking up the running just over a quarter of a mile from home. At the line Vienna Miss was third behind Arndean and Parkdale.

Paul Cook, who opted for Arndean there—leaving Jimmy Bleasdale on Vienna Miss—seems sure to go close this afternoon particularly if he manages to reserve some of Vienna Miss's strength.

It is difficult what to make of Vocalist. Unplaced on her race course debut she is a speedily bred Frankie Durr bay by Crooner, out of the Bleep-Bleep mare Rhythm. She turned the Greenacre Stakes at Windsor three weeks ago into a procession—easily leaving behind her 13 opponents.

However, that race was in testing conditions and with the even-money favourite Penshiel running at least a stone below his true ability, it is undeniable that Vocalist had little to do.

There may be little in it but I intend siding tentatively with Vienna Miss, a proven performer in better company than that tackled by her rivals.

Turning to this evening's meeting at Wolverhampton, backers may be best advised to confine their betting to two maidens trained by Peter Walwyn. They are Just Abroad and Maiden's Walk. They go respectively for the first and second divisions of the Darlaston Maiden Filly Stakes. Previously disappointing, Just Abroad more than satisfied the Seven Barrows trainer in her final serious piece of work and is given a reasonably confident vote.

**RIPON**

2.30—Sakeena
3.00—Portique
3.30—Sponsorship
4.00—Vienna Miss*
4.30—Moorhouse
5.00—Miss Diaward

**WOLVERHAMPTON**

5.35—Just Abroad***
7.55—Maiden's Walk**

# TV/Radio

## BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.50 Noah and Nelly in Skylark. 9.55 Jackanory. †10.10 The Boy from 5B. 10.35 Why Don't You? 1.30 pm Heads and Tails. 1.45 News. 3.25 Home on Sunday with Delia Smith. 4.13 Regional News for England (except London). 4.15 Play School (as BBC2 at 11.00 am). 4.40 Lassie. 5.00 John Craven's Newsround. 5.05 Go with Noakes.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Kick Start.
6.55 Ask the Family.
7.20 In This Your Honour: The Queen Mother — A Birthday Portrait.
9.20 News.
9.45 Royal Birthday at the Ballet.
10.50 The Editors.
11.25 News Headlines, Weather.

All Regions as BBC1 except as follows:

BBC CYMRU/WALES—1.30-1.45 pm Trendwt. 5.55-6.20 Wales Today. 6.55 Newyddion. 7.00-7.20 Swn Defaid. 11.25 The High Chaparral. 12.05 am News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 12.05 am News and Weather for Scotland.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

## BBC 2

6.30-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Dallas.
7.45 Mid-Evening News including sub-titles.
7.55 The Fred Kaps Magic Show.
8.45 Best of Brass.
9.20 Rhoda.
9.45 Brass Tacks.
10.35 Cartoon Two.
10.45 Newsnight.

## LONDON

9.30 am Check it Out. 10.00 Wild, Wild World of Animals. 10.25 Mystery Island. 10.40 The World We Live In. 11.05 Little House on the Prairie. 11.55 The Animates. 12.00 Just So Stories. 12.10 pm Rainbow. 12.30 Doctor! 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Against the Wind. 2.30 Monday Matinee: Anna Calder-Marshall and Timothy Dalton in "Wuthering Heights." 4.15 Walt Disney Classic. 4.30 Clapperboard. 5.15 Mork and Mindy.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 Grundy.
8.30 World in Action.
9.00 Best Sellers (part 1)
10.00 News.
10.30 Best Sellers (continued).
12.15 am Close: Personal choice with Diana and Yehudi Menuhin.

All IBA Regions as London except at the following times:

## ANGLIA

10.00 am Rocket Robin Hood. 10.25 Friends of My Friends. 10.50 Red Gauntlet. 11.20 World Worth Keeping. 11.45 Cartoon Time. 1.20 pm Anglia News. 2.00 About Britain. †2.30 Monday Film Matinee: "2,000 Women" starring Phyllis Calvert and Flora Robson. 5.15 University Challenge. 6.00 About Anglia. 6.30 Survival. 12.10 am A Big Country. 12.40 Reflection.

## ATV

10.20 am Sesame Street. 11.20 The Paper Lads. 11.45 Larry the Lamb in Toytown. 1.20 pm ATV Newsdesk. 2.00 About Britain. 2.30 The Best of Sellers: "Two Way Stretch" starring Peter Sellers. 4.05 Balablok. 5.15 Mr. and Mrs. 6.00 ATV Today. 12.15 am ATV Newsdesk. 12.20 Something Different.

## BORDER

10.00 am About Turn. 10.25 How the West Was Won. 1.20 pm Border News. 2.00 About Britain. 2.30 Monday Matinee: "Father Came Too" starring James Robertson Justice and Leslie Phillips. 5.15 Take My Wife. 6.00 Lookaround Monday. 6.15 Mr and Mrs. 6.45 Photography. 12.15 am Border News Summary.

## CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.00 About Britain. 2.30 The Monday Matinee: "Convicted" 5.15 University Challenge. 6.00 Channel News. 6.10 Cities . . . Rome. 10.28 Channel Late News. 12.15 am George Hamilton IV. 12.40 News and weather in French.

## GRAMPIAN

9.25 am First Thing. 10.00 About Turn. 10.25 How the West Was Won. 1.20 pm North News. 2.00 About Britain. 2.30 The Monday Special (Mozart Flute Concerto). 3.30 Survival. 4.00 Cartoon Time. 5.15 University Challenge. 6.00 North News and area weather forecast. 6.10 Bailey's Bird. 6.30 Devine Country. 12.15 am Reflections. 12.20 North Headlines.

## GRANADA

10.00 am The Beatles. 10.15 Wildlife in Crisis. 10.30 The Paper Lads. 11.00 Sesame Street. 1.20 pm Granada Reports. 2.00 About Britain. 2.30 Monday Matinee: Peter Finch in "Make Me An Offer." 5.15 The Flintstones. 6.00 Granada Reports News. 6.05 Hey Neighbour! 12.15 am Superstar Profile.

## HTV

10.00 am The Human Face of China. 10.25 The Lost Islands. 10.50 Sesame Street. 11.50 Larry the Lamb in Toytown. 1.20 pm Report West Headlines. 2.00 About Britain. 2.30 The Monday Matinee: "The Body Stealers." 5.15 Mr. and Mrs. 6.00 Report West. 10.28 HTV News.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Trchetiau. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 2.00-2.30 Hamdden. 6.00 Y Dydd yn y Brifwyl. 6.25-7.00 Report Wales. 8.30-9.00 Yr Wythnos.

## SCOTTISH

10.00 am About Turn. 10.25 How the West Was Won. 1.20 pm News Headlines and road and weather report. 2.00 About Britain. 2.30 Monday Matinee: "Tarzan and The Valley of Gold." 5.15 Mr. and Mrs. 6.00 Scotland Today News and High Summer Extra. 6.40 Crimedesk. 12.15 am Late Call.

## SOUTHERN

10.00 am Focus on Wildlife. 10.25 Little House on the Prairie. 11.20 History of the Motor Car. 11.45 Larry the Lamb. 1.20 pm Southern News. 2.00 Houseparty. 2.25 "Letters from Three Lovers" starring June Allyson. 3.45 About Britain. 5.15 Survival. 6.00 Day by Day.

## TYNE TEES

9.20 am The Good Word followed by North East News. 9.30 The Masterbuilders. 9.55 The New Ed Allen Show. 10.20 The White Stone. 10.45 Space 1999. 11.40 The Secret Lives of Waldo Kitty. 1.20 pm North East News and Lookaround. 2.00 About Britain. 2.30 The Mackenzie Affair. 3.30 Bloomin' Human. 3.45 Kum Kum. 5.15 Father, Dear Father. 6.00 North East News. 6.05 Double Top. 6.30 Northern Life. 12.15 am Sounds of Rickie Lee. 12.30 Coming to Terms.

## ULSTER

10.00 am About Turn. 10.25 The Lost Islands. 10.55 Sesame Street. 11.55 Cartoon Time. 1.20 pm Lunchtime. 2.30 Monday Matinee: "Make Me An Offer" starring Peter Finch. 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Ulster Television News. 6.15 Portrait of the Artist. 6.30 Happy Days. 10.29 Ulster weather. 12.15 am Bedtime.

## WESTWARD

10.00 am About Turn. †10.25 Feature Film: "Where There's A Will" starring Will Hay. 11.45 The Royal Henley Boating Regatta. 1.20 pm Westward News Headlines. 2.00 About Britain. †2.30 The Monday Matinee: "Convicted" starring Glenn Ford. 4.12 Gus Honeybun's Birthdays. 5.15 University Challenge. 6.00 Westward Diary. 10.31 Westward Late News. 12.15 am George Hamilton IV. 12.40 Faith for Life. 12.45 West Country weather and shipping forecast.

## YORKSHIRE

10.00 am Wildlife—Wild, Wild World of Animals. 10.25 Sinbad. 11.10 Young Ramsey. 1.20 pm Calendar News. 2.00 About Britain. †2.30 Monday Matinee: "The Mudlark" starring Alec Guinness. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Calling (Belmont area); Stay Alive Goes Exploring (Emley area). 12.15 am George Hamilton IV.

## RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Tony Blackburn with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles. 4.31 Richard Skinner. 7.00 Stayin' Alive. 8.00 Stuart Colman. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

## RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Folk on 2 (S). 9.02 Humphrey Lyttelton with the Best of Jazz on records (S). 9.55 Sports Desk. 10.02 Pop Score. 10.30 Star Sound. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

## RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Schubert (S). 10.05 BBC Northern Ireland Orchestra (S). 10.55 Fitzwilliam String Quartet, part 1 (S). 11.40 Interval Reading. 11.50 Fitzwilliam Quartet, part 2. 12.30 pm A Strauss Concert in Chicago (S) including 1.00-1.05 News. 2.15 Stockhausen: "Zyklus," for solo percussionist (S). 2.30 Matinee Musicale (S). 3.30 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 7.00 Birdy. 7.30 Concert, part 1 (S). 8.05 Theatre Street (autobiography of Tamara Karsavina). 8.25 Concert, part 2 (S). 10.00 Promenades. 10.30 Keith Jarrett Quartet (S). 11.00 News. 11.05-11.15 The Comedy Harmonists.

VHF only—Open University: 6.00-7.00 am and 6.20-7.00 pm. And for students in Radio Cymru and Radio Scotland areas only: 2.00-1.00 am.

## RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 The Week on 4. 8.45 Patrick Moore with the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Kenneth Robinson. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 The Queen Mother. 11.50 Weigh-In. 12.00 News. 12.02 pm You and Yours (S). 12.27 Brain of Britain 1980 (S). 12.55 Weather: programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.45 Short Story. 5.00 PM: news magazine. 5.50 Shipping forecast. 5.55 Weather: programme News. 6.30 Rumpole (S). 7.00 News. 7.05 The Archers. 7.20 Science Now. 7.45 The Monday Play (S). 9.15 Crowdie and Cream. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

## BBC Radio London

6.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Streetlife. 5.45 Music on the Move. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. - 9.00-5.00 am Join Radio 2.

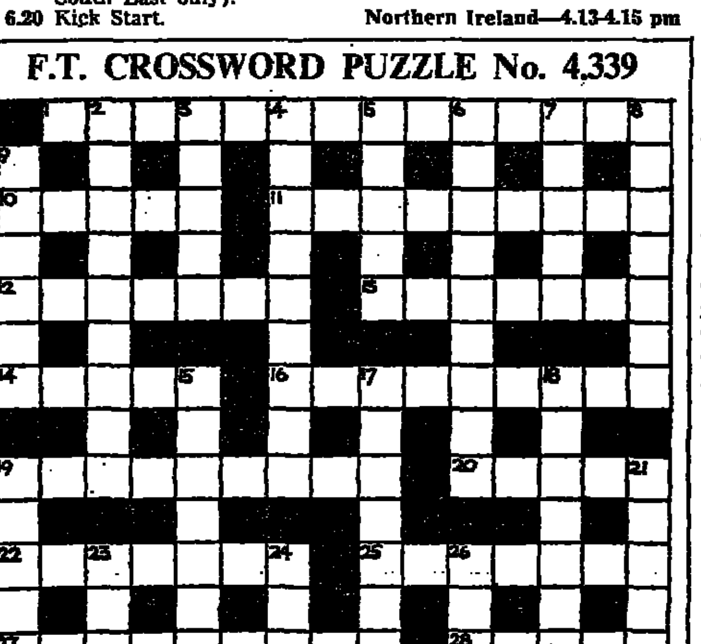
## London Broadcasting

6.00 am AM: with Bob Holness and Douglas Cameron. 10.00 Brian Hayes programme presented by Vivian White. 12.00 LBC Reports. 8.00 pm After Eight Special—Dickie Arbiter: "Portrait of a Queen." 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra—Tara Jefferies. 3.30 LBC Cinema. 4.00 After Eight Sunday. 5.00 Morning Music.

## Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 1.00 pm London Today (S). 1.10 Graham Dene (continued). 3.00 John Sachs (S). 7.00 London Tonight with Sarah Ward (S). 9.00 Alan "Fluff" Freeman (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

## F.T. CROSSWORD PUZZLE No. 4,339



**ACROSS**

1 Speak to people at dance and prepare to drive off (7, 3, 4)
10 A bird in a dam (5)
11 Two sailors with Scottish name become ferocious (9)
12 Undergraduate takes some French in a difficult performance (7)
13 Two mains in the ocean (4-3)
14 One who exhibits clothes in fashion to a learner (5)
16 A doctor the upper-classes cut in transport (9)
19 Acrobatic turn seen on the farm (9)
20 Land in the sea to get rid of (5)
22 Produce a profound effect upon conscript (7)
25 Rapacious animal, with animal it may attack in compound (7)
27 Sting I temper using drug (9)
28 Cook an animal that's difficult to deal with (5)
29 Time for settlement of account and final judgment (3, 2, 9)

**DOWN**

2 Feathers in the state of Queensland for instance? (4, 5)
3 Telephoned expedition leader in mountains (5)
4 Place a heckler in comfort (3, 2, 4)
5 Tried to become fatigued (5)
6 Painted end of the title on top of ledger and went in front (9)
7 A girl out of order (5)
8 Ancestors getting stuff on time (7)
9 Fled thus with Frenchman for an extortionate price (6)
15 Sound of beast getting solace from sculptor's work (3, 6)
17 Not worthy of cards, like a stoker working at sea (5, 4)
18 Innocent, as the court may decide a case, like unrisen bread (3, 6)
19 Pilfered two sleeping places (7)
21 Unpretentious and religious about me (6)
23 Keep off fish on railway (5)
24 Push south to resort in Sussex (5)
26 Youth turning north-east with a load (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

# THE ARTS

**Opera House, Buxton**

## Berlioz double

by ARTHUR JACOBS

"Adieu, my merry campaigns! Farewell, too many brains!" The lilt of Berlioz's music, the wit of Ronald Eyre's translation, and the entrancing artistry of Ann Murray as Beatrice (in the aria where she confesses to herself her love for Benedict) added up to a moment of the highest operatic pleasure. It was the achievement of the Buxton Festival not only to present a successful production of *Beatrice and Benedict* on Saturday but to stage another Berlioz rarity, the so-called "monodrama" entitled *Lélio*, on the previous evening.

Since *The Trojans* and *Benvenuto Cellini* have become reasonably familiar, it might seem odd that Berlioz's little Shakesperian opera has entered the repertory of none of our regular companies. The *trouble is that Beatrice and Benedict* reduces *Much Ado About Nothing* to a frail thread of plot, with much attention diverted to a boring, would-be comic creation of the composer's own (Somarone, an incompetent musical director), and also that it imposes on singers a daunting assignment of Shakesperian spoken dialogue.

But Ronald Eyre (whose first operatic production this is) tackles it triumphantly. Having directed *Much Ado* and other Shakespeare with our national dramatic companies, he has not sought to squeeze the dialogue for fear of what singers might do to it. On the contrary, his script expands it with clever borrowings from other Shakespear plays: To the lyrics (Berlioz's own) he has applied a first rate translator's skill in rhyming and measure. In Ann Murray he has a Beatrice whose radiant singing, witty and well-paced speech, and subtlety of movement could hardly be surpassed.

To Miss Murray's high mezzo-soprano, Philip Langridge's tenor is an admirable foil—light, agile, clear in diction. His Benedict is as openly likeable to the audience from the start as it is secretly likeable to Beatrice. There is strong support from Linda Hibberd (Ursula), Tom McDonnell (Don Pedro) and Philip Gelling (Claudio), but the Swedish soprano Mari Anne Häggander brings a rather inflexible soprano to the role of Hero. Her command of English, however, is extraordinarily good.

Somarone is more of a problem. Is he a self-indulgent but well-loved old ass, or is he as stupid, pompous and obtuse as a Malvolio? Michael Rippon, *vocally well-cast*, hardly answers the question, and not even Mr. Eyre's direction can avoid an awkwardness in the relationship between the opera's real conductor—*Anthony Hose*, whose gifts are manifest—and Somarone, as the supposed conductor on stage. The Festival Chorus, trained by Brian Hughes, sang splendidly.

So they did in *Lélio*, or *The Return to Life*—a work which Berlioz designed as a sequel to the *Symphonie Fantastique* but which (except in a 1968 recording by Pierre Boulez of both works in a single set) has generally been ignored or depreciated. The tormented artist who is the unseen subject of the symphony here comes on stage and delivers a monologue leading into various musical numbers. The tenor song with piano was powerfully delivered (with a sweet-voiced falsetto for the highest notes) by Keith Lewis, and Thomas Allen dashed down the theatre's central gangway, mounted the stage and climbed a table before singing the joys of a brigand's life.

In Malcolm Fraser's ingenious staging, *Lélio* was well worth a festival revival, even if it could not ultimately convince either as a dramatic form or as a well-proportioned musical sequence. The composer's long-drawn, breast-beating narration was sympathetically unfolded by Anton Lesser (a current Romeo from Stratford), who looked attractively like the young Berlioz himself, but the tone was not quite right.

Quite properly, the *Symphonie Fantastique itself opened* the evening—but, improperly, was given in a semi-staged treatment (not demanded by the composer) with distracting disco lights playing over the audience for the Ball and the Witches' Sabbath. The so-called Northern Symphony Orchestra (the letters BBC still missing, in token of the strike then still in progress) performed under Edward Downes—dully and with too little variety in the symphony.

Philip Langridge as Benedict

**Architecture**

## The Search for Quality

by COLIN AMERY

IT IS NOT very often that Ministers of the Crown make public speeches about the quality of life. Even less frequent are the number of occasions when a Minister *stands up and talks about the* importance of quality in the architecture of our cities. Mr. Michael Heseltine, Secretary of State for the Environment, is quite likely to do both these things and do them at regular intervals.

Towards the end of July he spoke to the annual conference of the Royal Institute of British Architects in Newcastle. The architects were attending their ritual annual soul-searching session and this year were bravely considering the daunting *subject of* "Architecture and Politics." Unfortunately the conference was a decidedly lacklustre affair, the debate was too vague, and the quality of many of the contributors merely indifferent.

But the Minister soon changed all that. Like some golden-haired *deus ex machina* he whirled into the rainy city and told the profession the sort of things that they have been waiting for years to hear.

"The quality of a generation's architecture is perhaps the most conspicuous legacy it leaves behind." This is the premise on which the Secretary of State and his Department intend to act at all levels of decision-making. This is revolutionary. Quality before expediency is the message, even quality before politics if Mr. Heseltine is brave enough.

These are exciting sentiments. Some of the more feeble hearted may feel that the search for quality should be circumscribed by all kinds of safeguards and rules and regulations. This would be against the new spirit *which is offering freedom* to those who want to do their best. The rules that remain should, ideally, cope with the mediocre and second rate and send them back to their drawing boards. Of course there is a risk involved, but it is about time the bureaucratic mind was diverted from design where it has had such a deadening ifluence.

How is the Minister going to achieve his aim—quality first? He has abolished the housing cost yardstick and mandatory standards in the public housing *field. This means that local* authorities free from central government control and can build to the standards and scale most suitable to their needs. Jerry building and gross extravagance will continue to be prevented. The entire system of building controls is to be simplified to concentrate on the essentials, the safeguarding of public health and safety and the regulation of energy saving.

Planning committees are to stop looking at the detail of aesthetic control, Mr. Heseltine *wants the planners to define the* broad principles in relation to redevelopment and then to stop interfering. He has said that he wants a climate where "experiment, flair and wit" can be encouraged and fostered. To encourage this the Government is to foster a series of architectural competitions for buildings that come under the Property Services Agency, for houses in the new towns, and for buildings that will be developed by the new Urban Development Corporations.

*Architects really cannot* ask for much more. It will no longer be *possible to blame* the planners or the building regulations for the restrictive climate. The gauntlet has been thrown down, how will the profession in Britain respond? There is no reason to doubt their enthusiasm and willingness to produce better build*ings but one let-out* clause remains. The architect can always blame the client. Mr. Heseltine didn't mince his words on this subject. He said that just as the planning system and its constraints have deadened initiative and produced dreary standardisation, so too has the nature of the client. The pressures for the conventional solution are as strong in the boardrooms of the large pension funds and banks as they are in the committee rooms of Whitehall. This must change.

I suspect that there is a lack of knowledge about what is good and bad in architecture at all levels in society. The reasons for this are many. The British educational system still *has more of a literary than a* visual bias. It is more difficult to take an "O" level in architectural appreciation than to learn Swahili. Television tries to interest the viewer in architecture but it is always tempted to accompany the view of the fan vaulting with strident fanfares or Gregorian chants.

Sir John Betjeman has probably done more than anyone to make the art of architecture enjoyable, he has no time for art historical pedantry and he has never been awed by authority when it comes to fighting for the preservation of our heritage.

Now that the quest for quality is under way there is a parallel need for enjoyable ways of learning the difference between good and bad architecture.

Today the Royal Institute of British Architects announces *their annual awards for archi*tectural quality. I have always thought it curious that the profession should make awards to itself and as far as I know the regional juries are all architects. Some more laymen should be involved in the judging process.

The awards this year range from the Milton Keynes Shopping Centre (designed by the Milton Keynes Development Corporation Architect's Department) to a tea pavilion in the Mourne Mountains (designed by Ian Campbell). In between *there is a small porch addition* to a house in Brechin (designed by the architects Robbie and Wellwood), a priory in Sussex by Michael Blee Whittaker Partnership and a whole range of social and industrial buildings.

The range of buildings that has been selected by the profession does show clearly that there are no obvious standards of excellence. There is plenty of good quality building in the country and a lot of it deserves to be better known. I hope in *future weeks to write about* the qualities of the award-winning buildings in some detail as part of this newspaper's contribution to Mr. Heseltine's quest for quality.

A photographic exhibition of award-winning and commended buildings will be shown at the Royal Institute of British Architects, 66, Portland Place, *London, W1, from* September 17 to 24.

Church at the priory of Our Lady, Sayer's Common, Sussex, commended in the 1980 RIBA Awards, and designed by the Michael Blee Whittaker Partnership

## Arts news in brief

Throughout this month Lord Leighton's painting, *Perseus on Pegasus hastening to the rescue of Andromeda* will be on show in *the National Gallery Board* Room. This large circular work is on loan from Leicestershire City Museums and Art Galleries as this year's *A Month in London* exhibition.

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Riverside Studios, Hammersmith, will host a conference on the moral, practical and artistic issues involved in play transla*tion on Sunday*, September 7, from 10 am to 6 pm.

Areas for discussion will include: the responsibilities involved in play translation; the need for adaptation and the differences from ordinary literary translation and common types of play translation.

Contributors include playwrights, theatre directors, theatrical and academic translators, play adaptors, theatrical agents, theatre administrators, critics and actors.

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The National Theatre is to launch a series of literary lunches, at which authors from theatre, film and television will talk about their books over lunch *in the NT restaurant.*

Guest speaker at the first lunch, on Thursday September 25, is Sir John Mills, whose autobiography, *Up in the Clouds, Gentlemen, Please*, is published that day.

**Coliseum**

## La Vie Parisienne

by DAVID MURRAY

A far as I can remember, the singing in the buoyant Madeleine Renaud / Jean-Louis Barrault *Vie Parisienne* of 20-odd years ago wasn't up to much (though Boulez conducted!)—they were an acting company, not an operatic troupe. *Justement:* Offenbach's operetta was first worked out with the comedians involved and relied upon their practised characters and professional zest for the basis of the show, to which the music would add a further layer of brittle verve. The librettists Meilhac and *Halévy* were *accommodating* craftsmen, not master *farceurs* like Labiche; they offered no tight comic intrigue, but just room for the performers to be funny in. Those who could sing were given a little extra.

It will be understood, then, why despite good intentions, the English National Opera team make heavy weather of *La Vie Parisienne*. There is not a scrap of comic invention in Tom *Hawkes' efficient production*, though it boasts the sporting Eric Shilling as the bemused Swedish baron (remembering his accent only once in ten lines). *West Side Story* tackled by elderly Wagnerians would of course be worse, but boulevard Offenbach played like Christmas panto does not sparkle. Some footling dancers are footed featly; though Sally Gilpin has organised some vaudeville steps nicely for the principals, there is nothing answering to the anarchic *gaiety of the big musical* numbers.

If the singing could carry the operetta it might, but since it can't it doesn't. Geoffrey Dunn's *dialogue, promising in itself*, is delivered with plonking emphasis on possible jokes. There are personable appearances by Lois McDonall, Ian Caddy, and Terry Jenkins; the baroness is amiably played by the Norwegian Sonja Nerdrum *in heavy stage-Swedish*. Marilyn Hill Smith incarnates the classic soubrette-type coolly. As the dotty Brazilian, John Winfield goes irretrievably over the top almost before he has entered, in a direly ludicrous costume.

In the pit, Hazel Vivienne kept the music crisp and bright; the chorus, not always with her, sang scarcely an intelligible word (the Coliseum sets a cruel test). For one party number the Offenbach spirit gushed up, and was extravagantly welcomed: where everybody raises the solemnly anxious question, severally and together, "Does he know his trousers are splitting up the back?" Briefly, there were real singing *characters in a fraught comic* situation. It was in the spirit of the production that the integrity of his trousers, as we soon noticed, was perfectly secure.

**Covent Garden**

## Swan Lake by CLEMENT CRISP

In *Swan Lake* on Saturday afternoon, Monica Mason pro*duced dancing which filled out* the double role of the white and black swan as it filled the stage itself. Her grandest moment came in the fourth act when, as the swan maidens leave the lake, Odette poises over the reclining body of Siegfried. In the brave span of Mason's attitude we could see an essential idea about the ballet given noble *realisation: the swan image that* has so obsessed Siegfried's thoughts seems to blot out everything from his view, as Odette bends in despair over the duped prince who lies at her feet.

Monica Mason's stage personality is intense, its physical expression dominating, mature —there is nothing milky or English-missy in her dancing— and bright shafts of energy, strong dynamics, mark whatever she does. So her Odile enters the ballroom and arrogantly requires that Siegfried submit to her.

Derek Deane's well-mannered and cleanly danced Prince stands no chance whatever against the malign radiance of *the enchantress: no less so in* the lake-side scenes does Mason's Odette demand Siegfried's dedication. And because Mason's dancing is never tentative, she could afford to command more expansive orchestral tempi. Very musical, she seemed somewhat constrained on Saturday by the decently correct speeds maintained by *the orchestra under Anthony* Twiner, her movement not always able to flower, to reach its full resonance.

"Musicality" has, for some observers, come to mean a neat obedience to tempi and the fitting of dance to short-breathed musical phrases. The larger concept of the music's emotional *development, its spirit, often* cannot be sensed—the wood of the score not seen for the trees of bar-lines and first beats. Mason merits broad phrasing in her accompaniment so that she, and we, may savour the full stretch of her dance and of her involvement with the drama. (Her run off stage at the end of the adage in Act 2 had an impulsive directness which was oddly *in character* with this more free image of Odette.)

Derek Deane should not be expected to make a first entrance burdened with the ludicrous clutter of crown, gauntlet gloves (has the Prince come from an open-air coronation? a pretentious shoot?), which detract from any sense of credibility. Rid of these, he *went on to give a cogent* account of Siegfried, dancing well in Act 3.

The supporting cast was uneven. The ballroom quartet looked rough and unready, but Ravenna Tucker was beautifully apt in the first act trio, her dancing fresh, clear in outline, and with a sweetly buoyant lift to it—here is a lovely young talent. *Rosalyn Whitten* as a leading swan phrased every movement with the nicest appreciation of its development. As one of Siegfried's rejected fiancées, and as a swan, Briony Brind catches the eye through her elegance of line and the flowing continuity of her dancing: qualities to cherish.

**Wembley Arena**

## Roxy Music by ANTONY THORNCROFT

Roxy Music prove that class tells. They have always been the most stylish band around, both musically and visually, and *judging by their Wembley dis*plays this week-end there is, quite justifiably, a faithful audience for arty-rock. I learn from my Guinness Book of Hits of the 1970s that commercially last year was Roxy Music's most successful ever—good.

(The Book of Hits, incidentally, was launched on Friday at the House of Commons in what *was, comfortably*, the most extraordinary party ever held there. Mr. Norman St. John-Stevas was, of course, the host and looked positively conservative against some of the guests —everyone who had had a No. 1 single during the 1970s. The arrival in the Members' Dining Room of Village People, complete with the bared Indian *member glistening with oil, and* the chains and leather men, clinking gently, caused even the Minister for the Arts to look momentarily fazed.)

The Wembley crowd was more conventionally dapper. Brian Ferry, singer and sophisticate, was in white ducks. The stage was backed by huge Venetian blinds and lit beauti*fully—presenting a kalaedo*scopic arena which set off the music cleanly and effectively. The strength of Roxy Music has always been the balance between Ferry, a Valentino with vocals, and the saxophone of Andy Mackay. At long last the sensuous sound of the sax has been harnessed to rock by many bands but Roxy Music *alone have milked* it to the full —"Song for Europe," with Mackay soloing away after Ferry had smoothly postured the lyrics, was the key event *in a performance that led on to* a whole string of finely patterned songs.

With any band as known as Roxy Music there is a bit of going through the motions at a concert and with new backing musicians to fill out behind the guitar of Phil Manzanera, there was an element of exhibition playing rather than the real, *sweat and all, thing*. Even so it is too easy to take Roxy Music for granted and this reminder of the consistent strength of their music, the feeding in of *avant garde experimentation* with popular rock rhythms, intelligent lyrics and classy performances, was very enjoyable. Roxy Music might be an élitist band but like most élites it is a cut above the general.

## New training opportunities for musicians

*For the first time, practising* musicians are to be given the opportunity to develop or extend their existing skills through individual tuition, master classes or workshops, with the help of Arts Council bursaries.

Although there are a number of award schemes to which students of music can apply for financial support, there has been growing concern about the lack of provision for working musicians. It is this gap which the new training scheme aims to fill. Professional musicians in the classical, jazz and contem*porary fields are therefore* invited to apply for bursaries.

As this year's scheme is being regarded as a pilot project, it is open to applicants to define their own further training needs. The applications will then be assessed by experienced teachers and advisers who make the bursary recommendations.

Further *information* and application forms from The Training Officer, Arts Council of Great Britain, 105 Piccadilly, London W1V 0AU.

Closing date for applications: Tuesday September 30.

**CRICKET** BY TREVOR BAILEY

## How to save a spinner's life

ALTHOUGH THE time taken by the West Indian pace quartet to complete an over in the Tests this summer (under 13 per hour at the Oval) has highlighted the problem of a funeral over-rate, I am more worried by the acute shortage of slow bowlers in all grades of cricket.

I have always enjoyed playing against, and watching, fast and fast-medium bowlers but it is possible to have too many of them.

This is not a new state of affairs. In the early 1960s when playing for Essex at Trent Bridge on a good flat pitch, I realised just how monotonous a non-stop diet of seam could be.

Gordon Barker, and I enjoyed a long partnership but towards the end of the day we both became bored by having to face the same fields, the same problems and being limited in choice of strokes.

However if a surfeit of seam on all wickets in this country is not new, it certainly happens more frequently, so there is good cause to be concerned by the present lack of spinners in county teams.

Twenty years ago every club normally included two front-line spinners. Essex in the early 1970s regularly played three, Hobbs, Acfield and East. Today Acfield, though a better off-spinner than many capped for England, does not command an automatic place. There are few counties with two slow bowlers unless one happens to be also a recognised batsman, while the leg-break bowler has become almost an anachronism.

There are no simple reasons for the shortage. Among them is the increased use of artificial fertilisers that has led to all major grounds having lush outfields. These polish the ball when it is hit over them whereas in the past hard patches would scratch and scuff the cover. The initial treatment to the outside of the ball also appears to have improved. It retains its shine, shape and seam longer and better and does not become as soapy when wet. As a result, after 80 overs it is still receptive to seam and swing.

I recently compared a ball used in a test series many years ago *with one from the present* series. The former was worn, the seam flat and the cover scuffed. But the latter still possessed a pronounced seam, a shiny coat and was in such good condition that any medium pacer would have been able to obtain movement.

The inevitable reaction is for clubs not to worry about spin when ordinary pace bowlers *can* make the ball deviate after pitching almost as much as the spinner—and at a greater pace and with more control.

The increase in the amount, importance and glamour of limited overs cricket has assisted in the decline of slow bowling. It is not that slow bowlers are *expensive in a* one-day game, as shown in last week's Gillette matches when Joshi, East, Gifford, Pocock and Emburey were all less expensive than the seamers. *The off*-breaks of Willey and Williams also played a decisive part in the Benson and Hedges Final and Simmonds and Hughes were *ever-present members of* the Lancashire side which dominated limited overs cricket.

Although the experienced slow bowler does do well in the *one-day game, even if he usually* needs to readjust his line and reduce his flight, it is no place for the apprentice.

He naturally wants to play in these games but his captain is *usually afraid to employ him* and tends to settle for a typical "bits and pieces" medium pacer. Discouraged by this treatment the young spinner will *turn to seam or concentrate on* his batting and another potential slow bowler is lost.

Without slow bowling the game loses a vital dimension. A *simple solution would be to* allow only three seam bowlers to operate per innings in county championship matches and to end the 100 overs limitation. It *would then pay a club to include* at least two slow bowlers.

How does one differentiate between a seamer and a spinner? If captains and *umpires are unable to tell, they* are not fit for their job, and after all, the intention is to improve the game for everybody.

Other possible ways of increasing the amount of *spin* bowling would be to allow only one new ball per innings or even per match, or to restrict the run-ups of all bowlers except those of a declared trio of *pace* men.

**OLYMPICS** BY MICHAEL THOMPSON-NOEL

## Challenges face 1984 Olympics

IT IS easy to be cynical about the Olympics. It is the work of a moment to scoop together all the doubts and dislikes about the modern course of the Games —their giganticism, nationalism, and almost total professionalism —and telex a tale of hideous troubles to the folks back home.

*But the Games survive. They* are no longer a celebration of youth, truth and international fellowship, or anything of the kind.

### Smears

Yet any institution that can withstand what the Olympic *Games has withstood* in the past 12 years—student massacres and terrorism, ruinous maladministration and U.S. Presidential boycott—without buckling and *collapsing*, cannot be written off, whatever smears it may justifiably attract.

It is true that the Games have become bloated and commer*cialised; true that the cheats* and professionals are for now in the ascendency; and true that the innocent objectives for which the Games were resurrected are as dead as a doornail.

But collapse they do not. They open and they close, as in yesterday's Moscow ceremony, and still march on — towards 1984.

Whatever fascination the Games possess, it originates deep within the psyche, which is why the fashionable way (post-Moscow, the only way) to *view the Games is not as a festi*val of youth that has been corrupted and soured, but as a substitute for war.

That is not a fail-safe meta*phor, if Afghanistan is anything* to go by, but one that grasps everything from allegations of cheating in the pole-vault, wrangles over flags and national *anthems, even botched presi*dential boycotts.

But if the Olympics are to be viewed as a substitute for *war—an opportunity, once every four years, for nations to knock* the stuffing out of each other in expensively renovated stadia —then it is time they got the rules right.

*The greatest single challenge* facing the Olympic authorities between now and Los Angeles in 1984 is the insidious march towards professionalism. There *is nothing remotely amateur* about modern Olympic sport. All athletes are paid, in cash or in kind, and it is the pressures of professionalism that breed cheats.

The most blatant cheats at Moscow were the drug-takers. Because of the inexcusable weakness of the International Amateur Athletics Federation, five East European women athletes were competing in Moscow although previously found guilty of drug-taking.

The 200 or more dope-tests carried out on athletes competing in Moscow are expected to yield no positive results, not because anabolic steroids no longer play a role in the diets of the cheats, but because at present it is not possible to detect their use if curtailed in time.

### Determination

Forensically, the means will be found to counter the use of anabolic steroids, but by then, the cheats will have moved on. *What is needed is unequivocal* determination to punish all drug-takers, whenever detected and wherever they hail from.

A lesser but still pressing problem is the size of the Games. They should be stripped to their essentials, otherwise they will collapse.

The team sports are usually recommended for elimination. This will offend all basketball players, all hand-ball stars and exponents of volley-ball and water-polo, but go they must. For my money I would further *eliminate archery, canoeing*, equestrianism, cycling and yachting from the Olympic programme.

That would leave athletics, boxing, fencing, gymnastics, judo, the modern pentathlon, rowing, shooting, swimming, diving, wrestling and weightlifting, which ought to be more than enough.

As for Moscow, those of us who watched the Games at home, in spite of curtailed TV coverage, had more to cheer for in these Olympics than in many past. Nothing, not even Prime Miniserial disapproval, can detract from the exploits of Steve Ovett, Sebastian Coe, Daley Thomson and Allan Wells in the athletics, nor from our swimmers or our rowers.

For them Moscow represents a glorious achievement from which mere skills of rhetoric cannot possibly detract.

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# Standing up to the left

IT MAY not be quite true that the Labour Party is "facing the gravest crisis in its history —graver even than the crisis of 1931," as Dr. David Owen, Mr. William Rodgers and Mrs. Shirley Williams asserted in their joint statement last week. But that there is a crisis of a kind there can be no doubt. It has been apparent since the party lost the general election last year. It has intensified this summer and is likely to continue at least until the party conference in October, and perhaps beyond.

### Attractive

One of the signs that there is a crisis is the very fact that Dr. Owen, Mr. Rodgers and Mrs. Williams should have chosen to make their statement. They are all able and attractive figures who could expect to have a future in the mainstream of British politics. Dr. Owen is one of the brightest members of either front bench. Mr. Rodgers was an effective Minister and is a skilful political operator. Mrs. Williams in particular, with her appeal in the country, ought to be a major asset to any political party. Their views command respect.

Their statement is a summary of what many people in the past would have assumed that the Labour Party stood for: the mixed economy, internationalism in foreign affairs and democracy at home. That was the party of Attlee, Gaitskell and, despite the slump in his reputation, Sir Harold Wilson. It is the way Mr. James Callaghan, the present leader, leans. It is not Mrs. Williams and her colleagues who are the deviationists. Indeed on policy they have little to say that is new. Where they differ from the left is in believing that the wishes of the electorate as a whole should be taken into account. It is they who are in touch with the country.

### Democracy

The most striking fact is that they should have chosen to speak out now, at a time when Mr. Callaghan would say that the party's constitutional battles are moving towards being resolved in favour of the maintenance of the status quo. Mrs. Williams and her co-signatories have clearly seen the demand for constitutional reform for what it is.

Mr. Anthony Wedgwood Benn and his colleagues on the far left are not seeking more democracy, but less: in calling for greater power to be given to constituency parties, they are in fact seeking to confine power to small groups of activists who tend to be left wing. There is nothing democratic about giving more powers to the National Executive Committee (for example, over the party manifesto) because the NEC itself is wholly unrepresentative.

Mrs. Williams and her supporters would regard a victory for the centre and right of the party at the conference in October, defined as the maintenance of the status quo, as unsatisfactory because there would be nothing to stop the battle being reopened by the left.

Moreover, as the party concentrates on constitutional matters, policy drifts. The real motivation of the far left is not just to win control of the organisation, but to control it in order to introduce far left policies: protectionism, massive interventionism, unilateralism and withdrawal from Europe. On all those issues, the impression has been given in recent months that the left has been gaining ground. It was partly to check that Mrs. Williams and her colleagues spoke out now.

### Mr. Healey

There are key figures in the party who are in no way associated with the far left, yet who have not followed the Owen-Rodgers-Williams approach of declaring: "Here we stand." Mr. Eric Varley, Mr. Roy Hattersley and, above all, Mr. Denis Healey are among them. Mr. Healey is easily the most likely successor to Mr. Callaghan. In all probability, he would seek to fashion a party to which Mrs. Williams and her colleagues could happily belong: in favour of the mixed economy, pro-Europe and pro-NATO.

It is a matter of judgement whether last week's statement has made Mr. Healey's task more difficult. The signatories have concluded that the drift to the left has already gone too far to believe, as they put it, "that soft words and a little skilful evasion of the issues can paper over the cracks again." It was a brave personal stand on matters not of tactics, but of principle.

# A high award for teachers

IT IS understandable that the Prime Minister should baulk at the 13-14 per cent average pay increases awarded by the statutory arbitration procedure to about 540,000 teachers employed by local education authorities in England and Wales. The annual pay bill for these teachers for 1979-80 was recently increased by the Commission on Pay Comparability by nearly £600m: to around £3.8bn, and the Commission later admitted that of this increase, about £120m had been overpaid in error. Since the education authorities and the unions had already agreed the 1979 award—after manoeuvrings lasting well over a year—by the time the error was discovered, the Commission's original award was allowed to stand. But the authorities decided to subtract the overpayment from their offer for the teachers' increase due from April 1, 1980, which is now also in process of negotiation.

### Cash limits

Before knowing of the error, the education authorities had been offering around 13 per cent for 1980, which they claimed was as much as the cash limits on local authority spending would allow unless summary, further reductions were to be made in educational services and the number of teachers employed. To compensate for the commission's overpayment, this offer was reduced to about 9.5 per cent. The teachers' unions, disregarding the commission's statement that their members had received more for 1979 than was justified, continued to claim increases averaging around 20 per cent for this year. When the negotiations broke down, the pay dispute went automatically to statutory arbitration.

The result is that the tribunals established through the Advisory Conciliation and Arbitration Service have awarded the teachers a 12 per cent increase backdated to April 1, and further increases ranging between 1½ and 4 per cent to be paid from September 1 in order to adjust pay differentials. In combination these rises are estimated to average 13 to 14 per cent in terms of new money, although the tribunals acknowledge that "precise calculations are virtually impossible" in view of the complications following the reference of teachers' pay to the Comparability Commission.

If the tribunals have estimated correctly, however, the recommendations would further increase the pay bill by about £520m to nearly £4.4bn. The various pay increases received by the schoolteachers since March 31 last year would total some 46 per cent. This, as the education authorities pointed out in their evidence to the arbitral bodies, would act as a spur to other local government staff whose increases the authorities are anxious to keep within the cash limits, and so "damage industrial relations with other groups."

From the Prime Minister's viewpoint, the recommended award will be even more worrying since the local authorities are generally falling well short of the expected economies in educational spending on which the Government founded its Budget proposals. There is thus a powerful circumstantial case for the Government to set aside the award by introducing Orders in Parliament even though, to do so, it may need to wait until both Houses return from their summer recess.

Yet to use parliamentary procedure to reduce the award, especially at the expense of a delay until the autumn, would put at risk the Government's attempts to improve the effectiveness of the education system by reforms of school curricula and the national examinations at 16-plus. These reforms cannot be achieved without co-operation by teachers, who are already demoralised by the cuts in educational spending, however necessary, and by the long delays in payment of their previous year's increases.

### Co-operation

The Prime Minister would do well quickly to investigate the prospects of the unions' agreeing to endorse the attempts at improving the education service, in return for the Government's approval of the arbitrators' proposals. Given positive evidence of co-operation by at least a significant part of the teaching profession, the Government should then pay the award in full. Otherwise, the possibility of the education service's giving a more effective service for its annual cost of £9bn, could well be lost.

GUIDE TO THE EMPLOYMENT ACT

BY CHRISTIAN TYLER

# A second bid by the Tories to sort out the unions

THE CONSERVATIVE Party's second attempt this decade at industrial relations reform passed into law on Friday when the Employment Bill received the Royal Assent.

On the face of it, the Employment Act, 1980, is largely a series of amendments to the existing body of labour law, designed to stop what the Government sees as recent abuses of trade union power. That low-key presentation is deliberate. Ministers had their fingers badly burned with the 1971 Industrial Relations Act when they drafted a detailed framework (and set up a labour court) quite alien to British traditions.

But such is the force of some of these amendments that the trade unions say that the corpse of the old Act has been revived in the body of the new. Mr. James Prior, the Employment Secretary, has confirmed that he wants a new framework, but has been determined to proceed as slowly as he can, so as to stir as little controversy as possible.

The 19 sections of the Employment Act fall into three categories: those whose purpose is to assist rather than compel trade union reform, those altering the rules for individual workers and employers, and those governing collective behaviour and institutions.

* * *

In the first category can be placed the provision of money for trade union ballots and the drafting of codes of practice by the Secretary of State. The main effects of the Act are as follows:

**Secret ballots (sections 1 and 2):** Public money is to be made available to trade unions to offset the cost of holding secret ballots for starting and ending strikes, the election of shop stewards and national officials, changing rulebooks and for

**It will be harder to prove unfair dismissal**

merging with other unions. This new measure implies an extension of postal balloting, already used by several large unions. But secret shop-floor ballots are also encouraged by a Lords amendment obliging employers with more than 20 workers to give a recognised union that asks for it somewhere on the firm's premises to carry out the poll. Employers who refuse such a request might have to pay compensation, awarded by an industrial tribunal to the union.

The Government's calculation is that more secret balloting—as opposed to branch voting by show of hands—will favour the "moderate majority." Militants would stand less of a chance of becoming shop stewards or national union leaders, and strikes would happen less often. The TUC general council has already decided that unions should refuse this "poisoned bait." There may be moves at next month's Congress to make that stricture more severe and threaten unions who accept the money with suspension from the TUC.

**Codes of practice (s. 3):** The Employment Secretary again gets the power to issue such codes. The first two, on picketing and the closed shop, may be published tomorrow. This clause reduces the role of the Advisory, Conciliation and Arbitration Service which has TUC members and is in any case declined to help prepare the first two codes. Members of industrial tribunals and judges would use the codes in assessing cases. The picketing code will say that there should be only six pickets on a gate; the closed shop one that existing agreements should be reviewed periodically, by ballot.

There will be two months of consultation before the new codes take effect.

* * *

Statutory rights for individual workers are changed in two main respects. Protection against unfair dismissal has been modified and a woman's right to reclaim her job after taking time off to have a baby has been diminished. Both measures favour the employer, particularly the small employer.

**Unfair dismissal (s. 6, 8, 9, 15):** It will be harder for a worker to prove to an industrial tribunal that he was unfairly dismissed. The tribunal will take into account the size and resources of the company when judging whether the employer was fair.

The employer will no longer have to prove that he acted reasonably: that will be judged by the tribunal. This could mean that workers will have to produce more evidence than at present that the employer was unreasonable.

There is specific exemption from the unfair dismissal rules for companies with 20 or fewer employees when the complainant has been there for less than two years. (The Bill originally sought to make this an exemption for new firms). The system of compensation awarded by industrial tribunals is changed, and the basic award can be reduced if the tribunal feels that the plaintiff was unreasonable. The minimum entitlement to two weeks' pay is abolished. Workers will have a general right to stop employers taking action short of dismissal in order to make them join a union. If a trade union is held to have put pressure on the employer to take that action, the union may be liable to pay some of the compensation to the individual.

**Maternity (s. 11, 12, 13):** A different timetable of communication between the employee and her employer will be introduced (not before October). More importantly, a woman can be fairly dismissed if it is not reasonably practicable for her to return to her former job and she turns down "suitable alternative employment." The small employer is again given a better deal. If he has five or fewer workers, he can make a case to an industrial tribunal that it was not even reasonably practicable to offer another job.

This measure provoked considerable anger in and out of Parliament. The Government bowed to the pressure by amending the Bill so as to let women take paid time off for ante-natal medical checks.

* * *

Most of the early public debate on the Bill inevitably focused on the measures to reform the collective behaviour of trade unions. It was in these areas that the Government saw public opinion being most sympathetic in the wake of the "winter of discontent" that helped to unseat the last Labour Government. But the limitations on picketing, and the removal of historic immunities for sympathetic industrial action as well, are not the only reforms that will exercise trade unions and employers.

**The "fair wages" clause (repealed by s. 19):** one of Labour's most controversial enactments was to strengthen statutory minimum wages by allowing unions to go to arbitration to secure recognised terms and conditions and, in the absence of them, to demand for groups of workers the "general level" in their area of industry.

The new Act abolishes this law (Schedule 11 of the Employment Protection Act) and along with it the remaining parts of the 1938 Road Haulage Wages Act. For much of the time that the Bill was going through Parliament it was thought the Government might leave alone that part of Schedule 11 underpinning recognised terms and conditions while scrapping the "general level" part. The Engineering Employers Federation and other bodies which have national agreements with unions were anxious to see those agreements supported in this way.

**Trade union recognition (repealed by s. 19):** The statutory procedure operated by ACAS under which unions in dispute over recognition could apply for official investigation, leading to a decision, is also removed. ACAS itself found the procedure troublesome, quite apart from the employers' complaint that Labour's law was one-sided.

This statute ran into trouble with the courts — notably in the Grunwick affair — although more recently ACAS has been more successful in defending of its discretionary powers. From now on, recognition disputes will have to be fought out at the place of work, as they used to be.

**"Coercive recruitment" (s. 18):** This clause outlaws action by trade unionists to force workers at another company to belong to their union. It is aimed quite specifically at the kind of tactics alleged against the print process workers' union SLADE, which was said to have drummed advertising art-workers into the union by threatening to black their work.

The remaining three measures, the best-known of the Act, concern the closed shop, picketing and sympathetic industrial action.

**Closed shop (s. 4, 5, 7 and 10):** Here the right of individuals not to be unreasonably expelled from or refused admission to a trade union is re-enacted. But instead of the general right given in 1971, and forced into Labour's 1974 Act (from which it was excised in 1976), it now applies only to closed shop situations. If a worker is successful in his claim he can go to the industrial tribunal, and on appeal to the Employment Appeal Tribunal (not the High Court as first suggested).

An industrial tribunal will be able to compensate a worker for loss if he is then accepted into the union. But if he is not, the appeal tribunal will be able to award higher sums, up to £16,000 compared with a maximum of £9,850.

New closed shops must have the support of 80 per cent of the workers involved after a secret ballot if they are to be immune from complaints by individuals that they were unfairly dismissed for refusing to join a union.

The conscience clause, so hotly debated at the time of Labour's repealing legislation, is widened again. It will be unfair to dismiss a man who can prove to a tribunal that he objects to joining a union on grounds of conscience or "other deeply-held personal conviction."

He may object not only to being a trade unionist per se, but also to joining a union that has a closed shop agreement. This is a considerable extension of the conscience clause. Non-unionists who refuse to join after a closed shop is signed are specifically protected from dismissal.

If it is proved that a trade union has forced an employer to sack a worker for refusing to become a member, the union can be made to pay some of the compensation. The impending code of practice on closed shops referred to earlier will make it "good practice" for existing agreements to be reviewed periodically, and by ballot. But the 80 per cent majority will probably not be specified in this case.

A footnote repeal removes the duty of the Secretary of State to draw up a charter on Press freedom. This was Labour's solution to the parliamentary row in 1976 during which MPs demanded that closed shops in newspapers should not be allowed on the grounds that they constituted a barrier to free expression.

**Picketing (s. 16):** A simple if controversial measure that removes immunity from civil action from workers who picket somewhere other than their own employer's premises. Trade union officials will be allowed to join picket lines, as will sacked workers. The code of practice will say that there should be only six on a picket line.

**Sympathetic industrial action (s. 17):** One of the most complicated and, for the TUC, the most aggressive parts of the legislation. This clause was

**The closed shop conscience clause is widened again**

introduced late, following a decision by the Law Lords which made it clear that the lower courts had been over-generous in employers in their interpretation of current law.

Broadly, section 17 aims to make trade unionists liable to prosecution if they take industrial action at too far a remove from the dispute. It limits the amount of blacking and sympathetic action that can be taken within the historic immunity from civil proceedings.

If they are to avoid fines and damages workers will have to show that any support they give to a dispute is both reasonably likely to further that aim, and also that they are interfering only with goods and services being provided to the firm in dispute.

The formulation looks like a lawyer's Utopia. Union leaders look on it as the graveyard of their right to take economic sanctions.

Terry Kirk

Target of many banners on the print workers' march during the TUC Day of Action in May was the Employment Bill, enacted last week.

# MEN AND MATTERS

## Vintage joke

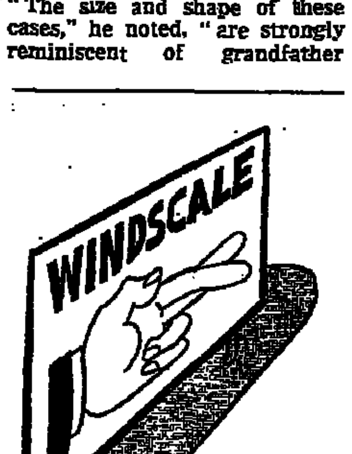
What manner of world was the Queen Mother born into those 80 years ago? Kitchener was that day directing Transvaal War operations against De Wet, allied armies were advancing on Peking and directors of the New Sunlight Incandescent Company were planning to extinguish their gas mantle business and pay themselves off with £5,000 each from assets.

In the Stock Exchange trading was quiet ahead of the holiday. So quiet, in fact, that the Financial Times found room for a report entitled "The 'house' at play—how the Stock Exchange amused itself before the holidays," evidently written by one of my illustrious ancestors.

"A remarkably successful little joke was played off in the Stock Exchange yesterday upon all and sundry," ur-Observer wrote. The exchange had recently seen installed a rudimentary form of air conditioning, whereby hot or cold air was blown by fans through opentopped cases set into the wall. "The size and shape of these cases," he noted, "are strongly reminiscent of grandfather clocks." To perpetrate the jape a waggish member fixed a large clock-face to one of the cases and throughout the day the jobbers kept the hands adjusted to the correct time. "Every member, as he passed, was struck by the appearance of the new clock and it was carefully explained to him that it was another experiment of the managers and that it was worked by electricity generated by the fan."

"The imposition was absolute," crowed my forerunner. The "crowning moment" came when the oldest manager arrived on the scene. While clearly surprised by the appearance of the device, he did not like to admit he had not been privy to the innovation. "He gravely discussed its merits, explaining that some years ago a similar experiment had been made by the managers to work a clock by means of the chimney draught, but that it has been proved a failure." He was concerned that the clock did not tick, "but was at once informed by a crowd of witnesses that electric clocks did not tick and went off contented."

A messenger was then sent to bring each of the managers in turn and every one took the bait, "for not one of them would admit that he had not been consulted on such an important matter."





## Stop at the top

Not so much in pique as in inflation-inspired desperation, Brazilian President Joao Figueiredo has frozen the salaries of the swilling ranks of public employees who earn more than he does. With year-on-year inflation now exceeding 104 per cent, Figueiredo has elected to stick his deflationary pin in the pay packets of senior men in state enterprises which are popularly discredited as hives of inactivity.

Announcing the attack the President, who earns £1,950 a month, discloses that in the electricity facility, Electrobras, there are 149 people who top that by as much as £600.

In the state oil monopoly, Petrobras, there are 250 staff in a similar position, and 2,000 more who will not be getting their rise scheduled for next month because it would take them above the Presidential ceiling.

Although hardly rich men by European or U.S. standards, the bureaucrats are well paid indeed in their own society. With many hours of overtime a Brazilian hod carrier can expect to take home £60 a month, while lucky skilled factory hands can earn as much as £110.

## Man apes dog

Punters demanding their money back queued at the Tote windows at the Grafton greyhound races in New South Wales recently. The wanted refunds because their selection, Beach Secretary, marked to start from trap one, had been scratched minutes before the off.

Officials explained afterwards that the scratching followed an unfortunate misreading of the runners' list. Said the man who signed the list, Bruce Beach, Secretary at the track: "I was really looking forward to it, especially since I'd drawn the inside lane. But the stewards threw me out for weight variation."

## Peering out

The news that Lord Kings Norton has been appointed president of the British UFO Research Association moved me to recollect last year's highly memorable Lords debate on unidentified flying objects. Lord Kings Norton was himself a contributor to that debate, though a relatively sceptical one.

The highlight of the always entertaining evening was a remarkable first-hand revelation from the Earl of Halsbury that, at the age of six, he had seen an angel. "There was my guardian angel, sitting on the edge of my bed." Lord Halsbury told a rapt House. "Naturally, with the imagination of a child, I clothed this presence in human form with a large pair of feathery wings. This presence proceeded to rebuke me for initiating a practice which it said would get me into trouble if I persisted in it. Having remembered the rebuke all my life and acted upon it, I am not prepared to deny the reality of the presence that was there with me."

## Trier's trophy

As the applause dies down for the final medal winners of the Moscow Olympiad, how about a consolatory cheer for the wooden spoon brigade, the no-hopers rounded up (some at Soviet expense) to fill the gaps left by the boycotters?

One spoon, then, to Tanzanian field hockey goalie, Leopold Gracias. In a sport where top teams often play to goalless draws, Gracias let in 54 shots in his team's five consecutive losses. Four to the Indian equestrian cross-country riders, all of whom either fell off or were disqualified, and a drawerful to Colonel Gaddafi's volleyball men, who were bounced out of the tourney with not a single set to their credit.

But I have reserved my special award for a cheery Laotian, Thipsamay Chanthaphone, who celebrated his 19th birthday with a dogged showing in the 20 kilometre walk.

Arriving in the stadium an hour behind the pack, he stopped 80 metres short of the line, and, thinking he had finished, took his bow. Urged in the direction of the official line by yellow-jacketed heavies, he summoned his reserves, carried on, and was last seen by my man at the trackside heeling-and-toeing towards the stadium tunnel for what seemed to be another lap of the course.

# Coal's tough break-even target

BY MARTIN DICKSON, Energy Correspondent

THE FORTUNES of the National Coal Board can currently be likened to those of Cinderella as the clock struck midnight: after becoming the belle of the energy ball and feted as the fuel of the future, it is finding life temporarily turning sour.

In the NCB's case, expanding coal demand has coincided with recession. The problem was forcefully underlined last week by Sir Derek Ezra, the NCB chairman, when presenting the board's 1979-80 results. Weak demand, he said, meant the industry faced "an extremely difficult period now and for some time ahead."

It is one of the ironies of the industry that this should be happening just when the NCB's expensive drive to improve production and productivity is at last beginning to show major results. For the first time since 1963, the NCB's deep-mined production rose in 1979-80—by nearly 4m tonnes over the previous year—to reach 109m tonnes.

Like the story of Cinderella, the NCB's tale is assured of a *happy ending — eventually.* As oil supplies diminish, it has become a platitude to speak of coal as a major world growth industry. The recently published World Coal Study estimated that international trade could double or treble by 2000.

But that is little immediate consolation to the NCB, which is worrying not only about recession but also the effects of the tough new financial target set for the industry by the Conservative Government. The NCB is expected to break even by 1983-1984 without the benefit of production grants which were worth £189m last year.

The Government's policy has been widely criticised. Sir Derek says in the annual report that the NCB does not "wish to make light of the tremendous difficulties that will be involved in meeting the Government's financial objectives, which were negotiated before the onset of the recession."

More alarming spectres have been raised by Labour MPs and leaders of the National Union of Mineworkers, who see the squeeze leading to an accelerated closure programme for loss-making pits.

So why is the Government putting pressure on the NCB and how well is it likely to fare? For an answer it is useful to go back to the dark days of the 1960s, when coal really was the poor relation of an energy world still dominated by the major oil companies, the seven sisters.

With industry switching to cheap oil as a fuel, Lord Robens presided over a major rundown

**Labour MPs raise the spectre of closure for loss-making pits.**

of the NCB, which was starved of capital investment.

Coal's fairy godmother eventually appeared in the unlikely guise of the Organisation of Petroleum Exporting Countries, which in 1973-74 waved its wand and quadrupled the oil price. The world suddenly woke up to the beauty of coal: it was more abundant than oil and had become relatively cheap.

Britain set about expanding the industry once more, using as its blueprint the uninspiringly entitled "Plan for Coal" of 1974, which was designed to boost deep-mined production to 120m tonnes a year by 1985 through the renovation of old mines and the construction of new "super-pits" such as Selby in North Yorkshire. As the rise in production shows, that investment is now beginning to produce handsome dividends.

But the topsy-turvy tale took a dramatic new switch last year with the election of a Conservative Government and the arrival at the Department of Energy of a new "Minister for Coal." Mr. John Moore. Handsome, youthful and full of an acquired but genuine enthusiasm for the industry's future, he is the hero of the tale—even though his efforts to woo the NCB have met with mixed results.

Mr. Moore has just steered the Government's new Coal Industry Bill—which gives strong support to the NCB's capital investment programme, now running at more than £700m a year — through its third reading. The bill raises the Board's borrowing limit from £2.2bn to £3.4bn, with provision for a further rise to £4.2bn.

It contains several other measures of financial assistance. The NCB will be allowed to defer interest payments on some capital projects until these start to show a return. This is likely to be worth £30m to £40m a year to the NCB, which last year paid out £184m in interest charges.

In a move largely reflecting inflation, the Bill also improves lump sum payments made to redundant mineworkers—for the first time since 1973—together with the grants made to workers transferring from old pits to long-life ones. These changes have inevitably raised union suspicions about pit closures.

The legislation also makes a modest improvement in the compensation granted to widows of men who died from pneumoconiosis, the miners' lung disease.

None of these actions contains the stuff of great controversy. What has brought the Government into the firing line is its expectation that after all the investment under the Plan for Coal the industry should stand on its own feet and start to show a genuine profit from the mid-1980s.

More specifically, the Government intends to phase out production grants to the NCB by 1983-84, although social grants (covering such things as miners' pension schemes and worth £62m in 1979-80) will remain.

Sir Derek Ezra (left) visiting Kiveton Park Colliery. near Sheffield: he wants the target date put back to 1985-86.

The production grants — renamed "deficit grants," a semantic and psychological change which infuriates Sir Derek — will fall from £135m this year to £109m next and £28m in 1982-1983. All these figures are in 1978-79 terms and will be revalued for inflation, this year to about £170m.

Dr. David Owen, the Opposition energy spokesman, has described this part of the Bill as a "financial straitjacket" which would make the NCB look "much more closely than it might otherwise have done at uneconomic pits.'

Other critics have pointed out that the Government's assistance to the coal industry is already far less than that given to other EEC producers — in 1979 the UK's direct aid to production totalled £1.50 a tonne, West Germany's was £11.50, France's £15.80, and Belgium's £23.70.

Mr. Moore has been accused of substituting profitability for production as a target for the coal industry — at a time when the Venice summit committed the industrialised West to doubling coal production and consumption by 1990.

The Government's reply is that the targets set are tough but achievable; that the aid given to Continental coal producers supports stagnating or declining industries (stretching the truth in the German case); that it is in the long-term interest of the NCB to be free of Government props; that Britain adopted the message of Venice years ago, with the Plan for Coal: and that production targets are of little use unless they are related to demand.

Both Sir Derek and Mr. Joe Gormley, the NUM leader, say the industry wants to be free of Government support. Their argument—and it is the strongest one against the Coal Industry Bill—is that Mr. Moore's timing is unrealistic, particularly in view of the recession. Sir Derek would prefer a 1985-86 break-even target.

A review of the NCB's main markets lends weight to this argument. Its most important customer is the electricity supply industry—the Central Electricity Generating Board and the South of Scotland Electricity Board—which bought 85m tonnes last year, nearly 70 per cent of NCB production.

But electricity demand is falling because of the recession—the CEGB's supply was 2.5 per cent down on a weather-corrected basis in the April-June period—and the coal burn is inevitably falling, too.

The CEGB has an understanding to take 75m tonnes a year from the NCB, provided coal prices do not rise by more than inflation, but there are now doubts whether the Electricity Board will be able to stick to the agreement.

Tight cash limits mean that the CEGB cannot afford to stockpile as much coal as the NCB would like to sell to it. The two industries are therefore likely to make a joint approach to the Government for a relaxation of the generating board's cash limit—a move which will provide the first test of the Department of Energy's flexibility towards the coal industry.

The market for coking coal, used in the production of steel, looks equally gloomy. The British Steel Corporation has both cut the amount of coking coal it needs and turned to cheap imports to supply part of this smaller market.

The NCB's sales to BSC fell from 8.5m tonnes in 1978-79 to 6.9m tonnes last year—and were kept at this level only by an expensive £22m subsidy from the NCB, in return for which BSC agreed to limit its 1980 imports to 4m tonnes.

The position could deteriorate further: the two sides have still to agree on renewing the subsidy for 1981, while Mr. Ian MacGregor, the new BSC chairman, is talking of an "examination of further retrenchment, stock reduction and economies in capital expenditure."

The NCB's domestic market is

**To believe concessions will be made now would be naive**

at present static at about 10m tonnes and showing signs of only modest medium-term growth. The hope for the future —"the most important growth market for the rest of the century," says the annual report—is the general industrial market, where coal is used for raising process steam and generating electricity.

As coal consolidates its price advantage over oil, industrialists are gradually turning back to the fuel they deserted 20 years ago. For example, Boots, the chemists group, is switching to coal firing at its Beeston headquarters, near Nottingham, which might ultimately use 350,000 tonnes a year.

But it will be some years before this market, now standing at just under 11m tonnes a year, provides the NCB with a substantial boost.

Against this background, the NCB estimates that it will have to put to stock this year as much coal as it lifted in 1979-80 —some 4m tonnes, worth £120m-£150m.

If the Government sticks rigidly to its programme it is hard to see how the NCB can avoid pressure to close its most uneconomic pits, many of which are in South Wales, where deep-mining lost £60m last year.

On purely economic grounds there can be little doubt that numerous pits are simply not viable. Mr. Glyn England, the CEGB chairman, referred to this last week when he said that the price the generating board paid for coal from economic pits "should not be used to subsidise uneconomic pits elsewhere."

But there are also social factors involved and, not surprisingly, everyone within the industry is urging the Government to be flexible on financing. Mr. Moore has hinted that there may be some room for manoeuvre.

"Nobody in the energy world —the post-Ayatollah, and post-1973 world — would begin to think that the last word has been said in terms of any particular energy decision," he said during his Bill's second reading debate.

It would be naïve to believe that a member of a Government so concerned to avoid any hint of U-turns would start making concessions now — particularly in advance of a 35 per cent miners' wage claim. The Government has to tread the delicate path of maintaining the coal industry's morale without engendering over-weening self-confidence.

Nevertheless, there remains the lingering suspicion that the 1983-84 break-even date smacks too much of Treasury influence, meshing as it does with Government's target date for a £2.7bn turnaround in the nationalised industries' external financing position.

Mr. Moore may be full of flexible intentions, but how far are his colleagues willing to compromise in the complicated trade-off between the health of the coal industry, the prevention of social tension, and monetary goals?

# Letters to the Editor

## Comparisons of gas prices

*From the Directors General Chemical Industries Association and the British Paper and Board Industry Federation and the Directors of the National Federation of Clay Industries and the British Ceramic Manufacturers' Federation*

Sir,—As representatives of industries which together use a major part of the energy supplied to British industry, we are greatly concerned by the attitude of Government to the present industrial energy pricing situation which applies in this country, as represented by the speech on Tuesday last by Mr. Norman Lamont, the Minister responsible for gas.

Mr. Lamont, in his speech, cast doubt on the validity of the gas price comparisons with comparable Continental users which have been provided to him or his department by our respective associations and claimed that such differences as do exist are transient and not of great significance to industrial costs and competition. Specific UK and Continental price data in the hands of the Minister—and much of which has been discussed in detail with his officials —confirm without any question that the UK contract prices established in 1980 for comparable supplies are at considerably higher levels than apply on the Continent. It is quite misleading to blur this situation by reference to average prices (which include a very small number of older UK industrial contracts) or to bring into the comparisons the UK price discount for "interruptible contracts" when most Continental competitors enjoy the security of firm supplies.

While it is a relief to learn that, according to Mr. Lamont, the British Gas Corporation "has actually recently moderated its customary policy of relating gas prices to the equivalent oil product" we must point out that such a change in policy, if it is in fact operative, is a very recent development, brought about, may we suggest, by the increasing resistance of its customers to British Gas Corporation's previously monopoly-oriented attitude to industrial sales. Even with this changed attitude the gap between UK and Continental industrial prices persists and indeed is widening, not closing. Some satisfaction can also be taken from the reference in Mr. Lamont's speech to his recognition that there are certain energy intensive industries where the very nature of the process makes energy costs a matter of vital importance. We are glad he recognises this factor and we hope he will follow this up with action.

Mr. Lamont suggests that industrial gas supplies represent "only a few per cent or less of the average company's total costs." (The same might be said of the domestic gas bill in relation to family income.) Quite apart from those energy intensive industries or industry sectors in which gas costs are of much greater significance, we believe the average impact on industry costs is also higher than Mr. Lamont suggests and that British industry as a whole will be paying at least £300m more in 1980 for its gas supplies than its competitors would be paying in other EEC countries. Such a sum, when added to other cost penalties arising from higher electricity prices, oil excise taxes, higher interest rates etc., place a competitive burden on UK manufacture which is large in relation to likely profits and investment levels in 1980. Such a burden can no longer be borne without extensive plant closures and redundancies, and loss of production, exports and investment.

We are sure that such results of their present policies do not represent the Government's intention and we look forward to learning what urgent steps will be taken to avoid such an outcome.

Martin E. Trowbridge,
Chemical Industries Association.

Robert S. Redmond,
National Federation of Clay Industries.

John Adams,
The British Paper and Board Industry Federation.

S. H. Jerrett,
The British Ceramic Manufacturers' Federation.

*c/o BPBIF,*
*Plough Place,*
*Fetter Lane,*
*E.C.4.*

## Clutching at millstones

*From the President, Knitting Industries' Federation*

Sir,—Would it be too much to ask for more consistency in your paper?

I refer to your editorial, "The impact of energy costs" (July 25), where you state your dislike for protectionism while making out a special case for Bowater at Ellesmere Port, whose problems are due to high energy costs in an energy intensive industry and are compounded by the pricing policies of the nationalised industries. What is unique about its case?

Last year we had a bank rate imposed at a level that is almost obscene and is being kept at that level for purely political reasons—to force wage levels down in the new round of negotiations. VAT increased from 8 per cent to 15 per cent, which almost doubled the differential on cheap imports (15 per cent on £4=60p, on £8=£1.20, i.e., differential 60p; 8 per cent on £4=32p, on £8=64p, i.e., differential 32p). Thus on these figures, assuming import prices half ours, VAT increase alone reduced our competitive position by 28p and other figures would be pro rata. In addition, all other industries have been hit by the pricing policies of the nationalised industries on energy together with inflation, strength of the pound and recession, much of it self-induced.

Having tied all these millstones around our neck, the Government tells us it is not its concern if we cannot stay afloat.

The Secretary of State for Industry said in Parliament on July 10: "I accept that there are some highly efficient firms which are well managed and which have co-operative labour forces, which will go to the wall if they persist in staying in exactly the same sector of business." He states that where companies (and, presumably industries) cannot compete solely due to low cost labour, this is not unfair competition.

It is not even enough that we compete on equal terms—we are to receive no protection even when our Government has done its best to handicap us out of the race. What a contrast to many other Governments who help their industries with subsidies, e.g., the U.S. on textiles with its dual oil pricing policies, and many others.

As emerging countries diversify, other industries will then fall by the wayside through inability to compete due to low labour costs. It would appear that we now have a Government that is prepared to oversee the destruction of British industry.

I have the greatest sympathy with Bowater and I applaud the support you have given to them. Can we now look forward to the Financial Times giving the same support to companies or industries which are also in dire straits through no fault of their own?

J. A. Wheatley,
Elite Hosiery Company.
*Hawley Road,*
*Hinckley, Leics.*

## Energy costs in manufacturing

*From the Chairman, Tioxide Group.*

Sir,—You report (July 30) the response by the Government to the claim that many United Kingdom companies are paying more for natural gas than are their competitors in other European countries. The response as reported deals with the problem in general terms and tends to dismiss the arguments of the industry as both inaccurate and unimportant.

My company has similar manufacturing operations in many countries. In the case of natural gas, I am paying for firm supplies, 24 per cent more, at the present rate of exchange, in the United Kingdom than in France. What is perhaps even more surprising is that I am paying more in the United Kingdom for fuel oil and electricity than I pay in either France or Spain. Fuel oil in the United Kingdom costs me between 10 per cent and 18 per cent more than in France and 18 per cent more than in Spain. Electricity in the United Kingdom costs me 35 per cent more than in France and 34 per cent more than in Spain.

When I look at the energy costs in my other manufacturing operations in Canada, South Africa and Australia, I see the same pattern. In a manufacturing operations in Canada, South of energy can amount to 25 per cent of the manufacturing cost, this is a most serious matter. In spite of being the best endowed with energy resources of the countries in which my company operates, the United Kingdom is the one in which it is most expensive to purchase energy for the type of manufacturing operation we perform.

John Pitts.
Tioxide Group,
*10, Stratton Street, W1.*

## Curbing dawn raids

*From Mr. A. Charlesworth.*

Sir, — I fully concur with the critical comments made in your paper (July 26) regarding "Dawn raids." If the Stock Exchange is to avoid outside regulation on this issue it must act.

Would it not be a simple matter to extend the conditions requiring a full-scale bid to include any purchaser acquiring more than 5 per cent of the *shares of a company in any one day?*

A. L. Charlesworth.
*61, Vicarage Road, SW14.*

## Saving the Hoop and Grapes

*From the Chairman, Planning and Communications Committee, City of London Corporation.*

Sir, — Your article "The City in the dock" (July 28) in which you refer to the "ruthless gutting" of the Hoop and Grapes public house in Aldgate in the City is both misleading and mischievous.

The Hoop and Grapes, which has been closed since 1974, has already been classified as a dangerous structure and indeed is a classic example of 17th-century timber-frame construction, which is coming to the end of its economic life and can only be further extended by a careful and thorough restoration. The building is set on the edge of an enormous urban traffic complex and is far removed from the rural aspect portrayed by your artist's impression. Indeed, an existing subway ramp should be shown in place of the garden railings.

Furthermore, the statement that the City Corporation pretends to be conserving a listed building when in fact the renovation proposals . . . "will destroy all traces of history" is again totally misleading. The alterations to the building are extremely modest and indeed were only approved after many visits by representatives of the corporation to the site. The major part of the building is, in fact, being conserved.

Norman Harding.
*Members' Room, Guildhall, EC2.*

# Today's Events

**GENERAL**

UK: Queen Mother's 80th birthday—attends, with Royal Family, gala ballet performance, Royal Opera House, Covent Garden.

M. Nestor Cockx, Belgian Minister Plenipotentiary, opens exhibition of Belgian stamps at Stanley Gibbons, Strand (until August 29).

International Gifts Fair, Olympia (until August 7).

Royal National Eisteddfod, Gowerton, West Glamorgan (until August 9).

British Chess Federation Congress opens, Brighton (until August 15).

Town and country in French 19th century painting at the National Gallery (until September 7).

World conference and exhibition on clinical pharmacology and therapeutics, Wembley Conference Centre (until August 8).

**PARLIAMENTARY BUSINESS**

House of Commons: Consolidated Fund (Appropriation) (No. 2) Bill, under which Members can raise a wide range of topics.

House of Lords: Tributes to the Queen Mother on her 80th birthday. Deer Bill, third reading. Social Security Benefits Up-Rating Order. Social Security Regulations. Anti-Competitive Practices (Exclusions) Order.

**OFFICIAL STATISTICS**

Department of the Environment publishes building society house prices and mortgage statistics (second quarter). Treasury publishes UK official reserves for July. Bank of England publishes capital issues and redemptions (during the month of July).

**COMPANY MEETINGS**

See Financial Diary on Page 25.

**COMPANY RESULTS**

Final dividends: A. A. H. Ellis and Everard. Gnome Photographic Products. Jacksons Bourne End. Owen and Robinson. Smith Whitworth. Interim dividends: Rock Darham. Interim figures: M. Mole and Son.

**SPORT**

Racing: Folkestone, Ripon, Wolverhampton, Market Rasen, Newton Abbott.

Cricket: Holts Tour Match—Warwickshire v. West Indies, at Edgbaston.

# UK COMPANY NEWS

## 54% rise for Close Brothers

INCREASED activity in all the main profit centres of *Close Brothers* enabled the merchant banking services concern to lift *the taxable surplus* by 54.5 per cent, from £221,540 to £342,216, in the year ended June 30, 1980.

Commercial loans and advances were substantially higher, as were Money market operations both in Close Brothers and Spry Finance. Banking profits were helped by the prevailing high interest rates.

Advisory fee income again rose, with a better spread of clients than ever before, says Hr. M. E. A. Keeling, the chairman.

Close Registrars gained several new clients, while Century Factors, an associate company acquired in October, contributed £22,969 *for six m°nths.*

In his annual statement, Mr. Keeling says: "We are firmly resolved to remain small, and to *continue to eschew volume for* volume's sake or the writing of fine margin business."

Tax for the year took £180,488, *against £118,021, leaving* the net balance up from £103,519 to £161,728.

Current, deposit and other accounts were £6m higher at £18m at the year-end, while loans, advances and other accounts amounted to £3.35m (£2.33m).

In June 1979 the company was bought from Consolidated Gold Fields by a consortium consisting of Safeguard Industrial Investments (20 per cent), London and Yorkshire Trust Holdings (40 per cent) and the senior executives.

**SPAIN**

| 1980 High | 1980 Low | | Aug. 1 Price % |
|---|---|---|---|
| 228 | 203 | Banco Bilbao | 228 |
| 258 | 217 | Banco Central | 248 |
| 220 | 203 | Banco Exterior | 210 |
| 230 | 200 | Banco Hispano | 224 |
| 137 | 117 | Banco Ind. Cat. | 120 |
| 175 | 141 | Banc oMadrid | 141 |
| 282 | 237 | Banco Santander | 276 |
| 180 | 136 | Banco Urquijo | 138 |
| 238 | 208 | Banco Vizcaya | 236 |
| 215 | 200 | Banco Zaragoza | 211 |
| 106 | 75 | Dragados | 85 |
| 63 | 58 | Espanola Zinc | 63 |
| 66 | 53.2 | Fecsa | 61 |
| 40 | 23.2 | Gal. Preciados | 24 |
| 71.7 | 58.7 | Hidrola | 65.7 |
| 68.2 | 57.5 | Iberduero | 61 |
| 120 | 100.7 | Petroleos | 117 |
| 92 | 59 | Petroliber | 87 |
| 115 | 107 | Sogefisa | 107 |
| 64 | 51.5 | Telefonica | 64 |
| 67.5 | 58.2 | Union Elect. | 66.2 |

## Cawoods well placed and financially strong

Cawoods is well placed to take advantage of an upturn in the economy although it would be *imprudent to make a forecast* for the current year in the light of trading conditions, says Mr. Edward Binks, the chairman.

He points out, *in his annual* statement, that the group has widespread interests. It is also in a strong financial position.

Turning to prospects for the divisions, Mr. Binks says trade has been only quiet so far this *summer for the wholesale and* retail solid fuel businesses. However, given a normal winter, trade should improve in the second *half.*

On the industrial side, the group sees a gradual move towards coal but with no dramatic increase in the short-term.

The effects of the recession and the continuing upward spiral of costs increases of all oil products is already showing itself in reduced demand for oil products from all sectors, particularly for fuel oil and middle distillants. It is extremely difficult to foresee any early improvement in volumes or margins, the chairman says.

On Cawoods' North Sea oil interests, he says the market value of the group's investment in LASMO has risen to £52m, compared with the balance sheet figure of £7.73m.

Cawoods *is currently* modernising and replacing quarry plant to ensure it is well placed to take advantage of improved conditions in the future. Similar developments are taking place in the road materials side, but *early indications for this* year are for reduced demand.

A large section of the concrete pipe manufacturing industry is engaged in a policy of stock liquidation, and against this background the group has reduced production and manpower levels.

Present demand for high duty refractory aggregates is at a reduced level and the aftermath of the steel strike is likely to affect sales, the chairman says.

Pre-tax profits rose from *£9.45m to £13.4m in the year* ended March 31, 1980, as known. On a CCA basis, the surplus was reduced to £8.74m (£7.56m).

Shareholders' funds increased by £8.63m to £34.33m, benefiting from the transfer of £3.93m from the deferred tax account. Bank balances and cash at £1.7m were lower at the year-end than the balances through the year because of £6.2m expenditure on leasing equipment in March.

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not *available as to whether dividends are* interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim: Rock Darham.

Finals: A. A. H. Ellis and Everard, Gnome Photographic Products, Jacksons Bourne End, Owen and Robinson, Smith Whitworth.

FUTURE DATES

| | |
|---|---|
| Interims— | |
| Anglo-International Inv. Trust | Aug. 7 |
| *Aquis Securities* | Aug. 6 |
| Ault and Wiborg | Aug. 6 |
| Bank of Scotland | Sept. 23 |
| Barclays Bank | Aug. 21 |
| Carron | Aug. 7 |
| Johnson Group Cleaners | Aug. 20 |
| Finals— | |
| Garford-Lilley Industries | Aug. 6 |
| M.L. Holdings | Aug. 7 |
| Phoenix Timber | Aug. 15 |
| Stoddard | Aug. 28 |

## July new money over £169m

Statistics compiled by Midland Bank *show that the amount of* "new money" raised in the UK by the issue of marketable securities in July was £169.1m. This was nearly three times the £61.0m total for the same month last year, but below June's figure of *£206.0m.*

Seventeen company issues, the highest number since September 1978, accounted for £154.7m or 91.5 per cent of the total.

The biggest issues came from Lonrho (£34.9m) and S. and W. Berisford (£29.5m), both in the commodity sector. Other sizeable issues were made by British Home Stores (£25.6m of convertible unsecured loan stock) and Ferranti (£21.3m) at an unusually deep discount of 82 per cent. Sixteen of the company *issues were made by way of* rights.

Money raised by public bodies consisted of 22 local authority bond issues *raising £14.4m.*

## Gaskell buys carpets company

Conditional agreement has been reached whereby Gaskell will acquire Hothfield Carpets, a private company. Consideration *for the purchase of Hothfield and* its subsidiaries, if approved, will be £2.72m cash together with 100,000 new ordinary shares of *20p in Gaskell.*

The consideration will be satisfied by an initial payment on completion of £1.32m together with the issue of the Gaskell shares. The balance of £1.4m will be satisfied by payments of £400,000, £500,000, and £500,000 on the three anniversaries following completion. The deferred payments are the subject of a bank guarantee.

Gaskell has arranged a secured medium-term loan of £1.25m in connection with the acquisition.

### NO PROBES

The following proposed mergers are not to be referred to the Monopolies *and* Mergers Commission: Mathesons Investments and Glanville Euthoven; Foseco Minsep and Unicorn *Industries; agrochemical interests* of Boots and agrochemical interests of Fisons.

Hong Leong Group and a majority interest in Manson Finance Trust; Midland Bank and a majority interest in Trinkhaus and Burkhardt; Midland Bank and Crocker National Corporation; United Biscuits (Holdings) and Ready Crust brand from Ward Foods.

### SHARE STAKES

Cawdaw Industrial Holding—Ferguson Industrial Holdings has acquired a further 25,000 and now holds a total of 40,000 shares (7.868 per cent).

*Provident Financial Group*—Kuwait Investment Office has between June 5 and July 24 sold 625,000 ordinary, reducing its *holding to 3,070,000 (7.87 per* cent).

The Birmingham Mint—Temple Bar Investment Trust, now *holds 102,500 shares (5.125 per cent).*

### A.A.H. COMPLETES COLMAN DEAL

AAH has completed the acquisition of Colman Industrial Plastics for £[illegible]00,000, equal to the net *assets. Half of the consideration* has been satisfied by the issue of 260,000 ordinary shares of A.A.H., all of which have been placed by Hoare Govett. The balance is payable in cash.

Lancashire-based CIP operates as a *stockholder of* industrial plastics. Pre-tax profits in the year to October 31 are expected to be about £200,000.

A.A.H.'s interests include fuel and pharmaceutical distribution and builders' supplies.

## 'Adequate' performance by R. Kelvin Watson

Despite results for the first three months of the current year showing an adequate performance, it is too early to draw any firm conclusions about the year as a whole. Mr. G. Kelvin Watson, chairman, *tells shareholders* of optician R. Kelvin Watson in his annual review.

In *the present* economic uncertainty and with high interest rates and the effect of the strength of the pound on *the company's export markets,* it is virtually impossible to forecast the future, he says.

It is very important for the company's products to remain competitive and this may subject margins to severe pressure during the coming year, the chairman warns.

Government policy with regard to cost saving within the National Health Service is certain to result in increased charges to NHS patients—which in turn *is* forced to have an inhibiting effect on the demand for eye care service, he adds.

However, the chairman says the company has a strong management team, a healthy *balance sheet and an ability to adapt itself speedily to changing* circumstances.

"We are well placed to take *advantage of any upturn in con*sumer spending, but it would be unwise for me to lead you to expect a level *of profits* at the end of the year in excess of last time's," he says.

As already known, pre-tax profits for the year to March 31, 1980, were up from £678,572 to £702,040.

Bank overdrafts increased to £213,556 (£138,336) but this level of borrowing is comfortably covered by the company's normal cash flow and is well *within currently agreed bank* facilities, the directors say.

Shareholders' funds showed an increase from £1.96m to £2.31m *and bank balances and deposits* were £23,207 (£11,827).

Meeting: Stockport, September 2, noon.

### BRISTOL STADIUM

Pre-tax profits of **Bristol Stadium** expanded from a depressed £10,584 to £51,441 in the first half of 1980. For the *whole of last year, the taxable* surplus amounted to £47,026.

Mid-term turnover increased from £255,449 to £300,430.

## Ward White in £0.5m deal

**Ward White,** footwear makers and engineers, is to acquire **D. Lewis,** a company selling personal protection clothing and equipment *for motorcyclists, in* a deal worth £525,000. Payment will be made by way of £200,000 in Ward White ordinary shares *and the balance in cash.*

Lewis, which is a retailer and wholesaler, also has a 40 per cent interest in a Lancashire company *making leather* coats for motorcyclists. It will operate within Ward White's safety products division.

### HAWLEY LEISURE/ RUFFLER & DEITH

*Following the acquisition of* Ruffler and Deith in May last year by Hawley Leisure, the deferred instalment of the *purchase* price, amounting to £450,000, is payable on July 31.

Of this sum £135,000 will be satisfied by the issue of the vendors of 286,624 ordinary shares. A further £250,425 will be satisfied by the issue of 530,000 ordinary shares to the vendors, placed by Capel-Cure Myers. The balance will be met in cash.

*All the shares to be issued will* rank pari passu with existing ordinary shares, except that those placed by Capel-Cure *Myers will not rank for* the interim dividend for 1980.

## FT Share Information

The following security has been added to the Share Information Service appearing in the Financial Times:

Gotaas-Larsen Shipping Corporation (Section: Shipping).

# MINING NEWS

## Sharp increase in profits at Hamersley Holdings

BY GEORGE MILLING-STANLEY

FIRST HALF net profits of Hamersley Holdings, the Rio Tinto-Zinc group's iron ore complex in Western Australia, are well ahead of those for the com*parable period of last year, but* the company warned that second half results are unlikely to be as good.

Hamersley's net profits for the period were A\$41.63m (£20m), well over twice the A\$15.15m for the first *half* of last year. The increase is mainly attributable to a 41 per cent rise to 21.18m tonnes in the amount of ore *delivered, higher average prices* and a slightly more favourable exchange rate against the U.S. dollar.

Profits would have been higher but for an increase in the depreciation charge. This was some A\$6.62m ahead of the corresponding figure for last year, as a result of a revaluation of fixed assets on July 1, 1979.

Last year's first-half profits were depressed by a write-off of a net A\$6.15m on the impending closure of the pellet plant.

It seems that Hamersley may have finally overcome the labour problems that have beset it for some time. Saleable ore produced advanced from 14.87m tonnes to 20.86m tonnes, and the company said that the rate of output from the mines during the year was "*most satisfactory,* with a more stable industrial climate prevailing throughout."

The amount of loans outstand*ing was cut from* A\$14.87m to A\$20.86m, with foreign currency loans converted to Australian dollars at exchange rates on June *30. Part of this was because* loans fell due, but Hamersley has made an effort to use its healthy cash flow to reduce the cost of its borrowings by repay*ing some high* cost floating rate loans before maturity.

The effects of these repayments *should* show through in the results for the second half. For the current period, interest charges increased from A\$13.45m to A\$19.03m.

The company forecast that cash flow would remain healthy, although it does not expect the high level of iron ore demand experienced during the first six months to be maintained over the *remainder of the year. This is* due to the effects of the recession in the U.S. and on the steel industry generally.

Hamersley is clearly not entirely satisfied with its progress so far, and pointed out that while it considers the results to be a significant improvement on the past two years, the return on *shareholders' funds is still* less than 10 per cent.

An interim dividend of 9 cents *per share is declared.*

Hamersley is owned as to 54 per cent by CRA, which is in turn a 61.1 per cent-owned subsidery of Rio Tinto-Zinc.

## Nthn. Mining rights issue

Australia's Northern Mining, which has a 5 per cent interest in the Ashton diamond venture, proposes to raise A\$1.25m (£614,000) with a non-renouonceable rights issue. New shares of 50 cents, paid to 30 cents, are to be offered in the ratio of one at A\$1 (49p) for every 10 shares held.

It is proposed to call the unpaid capital of 20 cents on the new shares on *November 10,* 1982, or earlier if unforeseen circumstances arise, under Stock Exchange rules for new issues of *partly paid shares.* The existing shares were 130p in London yesterday.

Northern Mining added that pilot production tests were due to start shortly at the Ashton venture. The latter partnership *is headed by Conzinc Riotinto* of Australia, which has now been renamed simply CRA, with a stake of 56.8 per cent.

*The other partners are:* Ashton Mining (24.2 per cent), AO (Australia) (4.9 per cent), Tails Consolidated (9.1 per cent) and Northern Mining (5 per cent).

## Mineral survey in Malaysia

The Malaysian Government has awarded a contract to **Generale Geophysique** to carry out an airborne radiometric survey over the central belt of Peninsular Malaysia, the Primary Industries Minister, Datuk Paul Leong, said in Ipoh yesterday.

He said the survey, aimed at *delineating potential mineral* exploration areas, was expected to be completed by the end of this year, with a report due by mid-1981.

Outlining other exploration activity in Malaysia, Datuk Paul said the Government's Geological Survey Department had identified tin-bearing areas in the Taiping region and investigations were underway in other areas.

Taiping is probably the oldest *mining area in Peninsular* Malaysia, and lies just north of Perak state's rich tin fields in the Kinta Valley.

INTERNATIONAL BONDS

BY FRANCIS GHILES

# Rising rates shake the tree

A SHARP upwards lurch in Eurodollar rates last week caused a "shake out" in the Eurobond market: prices were marked down by about 2 points but most of the paper being off-loaded appeared to come from top heavy dealer inventories rather than from investors.

Indeed, the latter remain where they have been for more than six weeks now, absent from the market. Informed guesses as to the amount of fixed interest rate dollar Eurobonds which have gone unsold since the end of the big April-May rally now converge around a figure of some $1.5bn.

As long as the cost of financing holdings was negative, bond houses could afford to sit on the paper without experiencing too much discomfort. But the rise in the six-month Eurodollar rate last week by 1⅜ per cent to 10¾ per cent prompted some houses to sell. At the same time, dealers reported a trickle of buying by investors at lower levels.

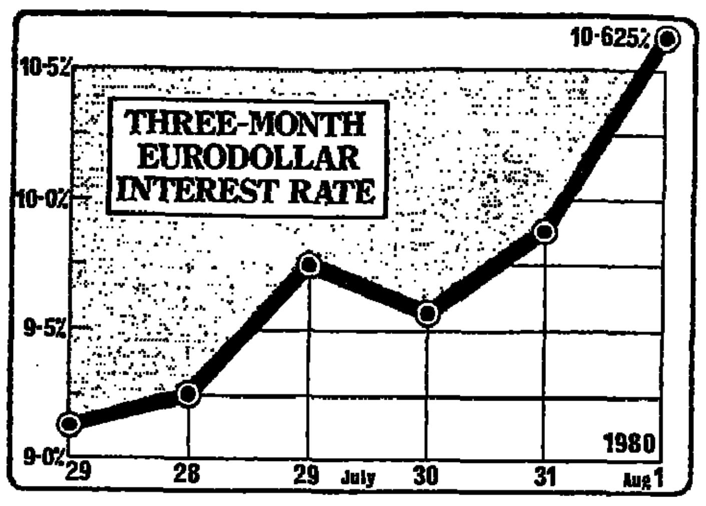
The week started quietly enough, with a very low level of trading. On Monday, however, the 11¼ per cent bond to 1990 for Anheuser Busch dropped three points to 96½, following the downgrading of its rating from double to single A by one of the two leading U.S. rating agencies, Moody's. This reaction was, in the view of some observers, something of a double-take in so far as the lead manager, Dillon Read, had made no secret of the fact that the borrower was floating an issue in the Eurobond market rather than the U.S. domestic one precisely because it expected its credit rating to be downgraded.

By Friday, the bond was trading at 94¼-5, following the fall in the market generally.

So many doubts surround the near term evolution of the U.S. dollar, U.S. interest rates and U.S. economic indicators, that most European investors have retired from the market. Few observers expect this attitude to change quickly.

The only new issues launched last week were a $40m convertible (into equity) for Inchcape and a $50m floating-fixed convertible for GTE Finance NV which carries no guarantee from the parent company.

The GTE notes include a spread of ⅜ per cent above the six-month Libor rate with no minimum. They are convertible at any time during the life of the issue into 10 per cent fixed interest rate bonds. GTE has reserved the right to raise the coupon of the fixed interest alternative at any time.




Despite a slight weakening in the price of seasonal D-Mark foreign bonds last Thursday and Friday, demand continues to be strong. A DM200m private placement for the World Bank brought to DM2.2bn the volume of new D-Mark bonds successfully placed during the last six weeks. This is something of a record yet German houses believe that a calendar of new issues of around DM800m could still be agreed by the German Capital Markets Sub-Committee when it meets later today.

The Swiss franc sector was checked in midweek by the surge in the value of the U.S. dollar. On the primary market, new issues continue to attract good demand not least for the seemingly endless flow of Japanese convertibles. The next public issue is expected to be launched today. SwFr 100m for the Republic of Austria, through Swiss Bank Corporation.

Denmark became the first non sterling area foreign borrower to arrange to issue in London a domestic sterling *bond since Iceland in 1962. The* $75m issue, which matures in 2005, is structured like a partly paid gilt-edged security and not like a traditional Eurobond issue.

At least four *features* distinguish it from a Eurobond issue: a much lower commission, a much longer maturity, the fact that the bonds are registered rather than in bearer form and the essentially UK nature both of the placing and underwriting group.

By Friday, the £20 per cent tranche of this bond was trading at a very respectable 18¾, higher than comparable gilt-edged stock. Any suggestions that "bulldog" bonds might proliferate are probably misplaced, if only because of the very high coupon that must still be offered on such issues. *A £12m 10-year bond, carrying* a coupon of 14¼ per cent, was launched last weekend by S. G. Warburg for Rothschild Investment Trust.

In the French franc sector strong demand for the latest issue, for Aeroport de Paris, enabled the lead manager, Credit Commercial de France, to increase the volume by FFr 30m to FFr 150m.

## CURRENT INTERNATIONAL BOND ISSUES

| Borrowers | Amount m. | Maturity | Av. life years | Coupon % | Price | Lead manager | Offer yield % |
|---|---|---|---|---|---|---|---|
| **U.S. DOLLARS** | | | | | | | |
| ‡††§Ricoh Co. | 60 | 1995 | 11¾ | 6¾ | 100 | Morgan Stanley | 6.735 |
| ‡ECSC | 50 | 1990 | 6.76 | 11¼ | 99½ | KIC, Hill Samuel | 11.293 |
| ‡††IADB | 100 | 1987 | 7 | 10¾ | 100 | Goldman Sachs | 11.039 |
| Intl. Harvester O'seas Fin. Co. NV | 100 | 1985 | 5 | 12¾ | 100 | Morgan Stanley | 12.750 |
| §Inchcape (Bermuda) | 40 | 1995 | 15 | 8 | 100 | Baring Bros. | 8.000 |
| ‡†GTE Finance NV | 50 | 1987 | 7 | — | 100 | Orion | — |
| **D-MARKS** | | | | | | | |
| ‡**World Bank | 200 | 1988 | 8 | 7½ | 99½ | Deutsche Bank | 7.793 |
| **FRENCH FRANCS** | | | | | | | |
| Aerport de Paris | 150 | 1987 | 7 | 13¼ | * | CCF | * |
| **SWISS FRANCS** | | | | | | | |
| ‡§Tokyo Sanyo Electric | 30 | 1990 | — | 7½ | 100 | KIIC, Daiwa (Europe) | 7.381 |
| Finland | 80 | 1990 | — | 5¾ | 99½ | Credit Suisse | 5.658 |
| ‡**§Casio Computer Co. | 50 | 1985 | — | 5¼ | 100 | UBS | 5.250 |
| **STERLING** | | | | | | | |
| §Orient Finance | 15 | 1995 | 15 | 8-8½ | * | CSFB | * |
| ‡‖Kingdom of Denmark | 75 | 2005 | 25 | 13 | 98 | Hambros | 13.278 |

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund. ‖ Foreign bond.
Note: Yields are calculated on AIBD basis.

U.S. BONDS

BY DAVID LASCELLES

# Credit tactics dismay

*THE POSSIBILITY that the U.S.* recession might already be easing, gave the U.S. credit markets a fit of nerves last week. Wall Stret was also bothered by an apparent shift in the Federal Reserve Board's day-to-day management of the Money markets to allow rates to rise higher than before. It was too soon to say, though, whether the Fed had actually tightened credit to prevent a premature recovery.

There had been indications for some weeks of an economic pick-up. Housing and retail sales gained at the beginning of July. But last week's news of a *huge* 2.5 per cent rise in the index of leading economic indicators came as an enormous surprise. The indev is not the most reliable guide to future trends (it is often revised by large amounts) but this jump was far more than the expected 1 per cent or so.

However, while the stock market soared in delight at the prospect of a new boom, the credit market sank into gloom.

| U.S. INTEREST RATES (%) | Week to Aug. 1 | Week to July 25 |
|---|---|---|
| Fed. Funds weekly average | 9.68 | 8.64 |
| 3-month CDs | 9.10 | 8.60 |
| 3-month Treas. Bill | 8.75 | 8.08 |
| 30-year Treas. bond | 10.60 | 10.23 |
| Long-trm AAA utility | 12.00 | 11.50 |
| Lng-trm AA industl. | 11.65 | 11.17 |

Source: Salomon Brothers, estimates.

*The reasoning among money* market analysts is that a recovery now, with inflation still running at around 10 per cent, would do more harm than good because it would only rekindle the very inflationary fires it was *supposed to quench.*

Whether or not this is the view of the Fed, the central bank deliberately stood back from the money markets last week and allowed overnight rates to soar well above 10 per cent before intervening. Previously it had stepped in at around 9½ per cent.

What is not clear is whether the Fed has raised its preferred trading band for short-term *rates or whether it has merely* widened the bracket because it expects rates to be more volatile with the apparent turnaround in the economy.

The Fed as usual has remained silent about its short-term tactics. But it reiterated its long-term goals of maintaining a tight hold on credit in order to bring down inflation.

In a letter to Congress last week, Mr. Paul Volcker, the Fed's chairman, said this year's growth targets for the money supply measures would be cut by ½ per cent next year. This is quite encouraging for the creidt markets, though it implies that the Fed does not expect spectacular economic growth next year.

*Whether the figures mean* anything at all, however is also open to question, because Mr. Volcker not only reserved the right to change the targets again, but said the Fed would continue to be the judge of *whether actual money growth* was "appropriate."

But the net result of last week's events was a sharp rise in market rates and in at least one posted rate (the broker loan rate), which hedged up from 10 to 10½ per cent. Banks also stuck to their prime rates, even though this key rate is now split 10.75 to 11 per cent.

Although much of the pressure behind the rise in rates *arises from the new psychology* that has evolved over the past week or two, the market continues to be burdened by strong credit demands.

This week's calendar includes about $1bn of corporate bonds and a huge volume of municipal bonds. But the big event is the Treasury's quarterly financing of $8.25bn, of which $3.2bn will be new cash. It consists of $4bn in 3¼-year notes, $2.75bn in 10-year notes, and $1.75bn in a long bond.

The main surprise was the 10-year note. The market had expected a seven-year note and this caused something of a flurry. Evidently the Treasury wants to restructure its medium-term debt.

CREDITS

BY PETER MONTAGNON

# Ireland rivals France for cheapness

IRELAND'S Industrial Credit Company is raising a DM 200m multicurrency revolving credit through Midland Bank International. The facility carries a margin of ⅝ per cent throughout its five-year life.

The terms point once again to the favoured position of high-rated European industrial country borrowers in the syndicated credit market. The spread is the same as that obtained by France's Credit National last month on a seven-year $125m credit.

Competition for the Irish mandate was fierce because of the scarcity of such high-rated borrowings in today's market. The credit bears an Irish Government guarantee.

It will be assembled on a club basis. Midland expects to have formed the necessary group by early *this* week.

Another credit which is attracting interest on the part of banks is the $250m borrowing by the Republic of Argentina for which a mandate is expected this week. Bankers now believe the credit may carry a ½ per cent element in the margins with a relatively long maturity of about eight years.

This would put Argentina on a similar credit rating as Italy. While the country does have abundant natural resources, its inflation rate is still very high and if the market were less liquid it is unlikely that spreads for Argentina and a country like Italy would have come so close together.

In this particular instance the prestige attached to managing a sovereign borrowing by Argentina is also a factor stimulating competition for the *mandate.*

On the other side of the coin banks continue to be very hesistant with a selected number of "difficult case" borrowers. Yugoslavia *is* making very slow headway in its search *for funds and a number of* bankers report that response to the current borrowings by Poland has been hesitant.

This is partly at least owing to the fact that economic unrest in Poland continued while the *two credits, a $300m financing* co-ordinated by Bank of America and a DM 1.5bn package led by Dresdner Bank, were under negotiation. In the case of the German credit additional confusion was generated by reports that WestLB had pulled out of the management group.

It is understood, however, that WestLB never joined the management group in the first place. This was not because of *a refusal to lend to Poland, but* rather because it prefers to do so only to support German exports. Of the total German financing DM 1bn is expected to take the form of a general purpose balance of payments *financing and DM 500m will* come under cover provided by Germany's export finance agency, Hermes.

Both the dollar and the D-Mark credits carry a margin of 1½ per cent over seven years.

Among other deals there is reported to be a 50:50 chance that the $150m credit for Brazil's Telebras will be increased. The credit, being led by Bank of America, was put into syndication last week and some replies are still outstanding.

Eurobankers now expect Brazil to bring a jumbo Eurocredit to the market in its own name fairly soon. There is, however, some *doubt* as to whether the market would continue to support a 1⅝ margin over eight years which are currently standard terms for Brazilian borrowers. For Brazil to raise a large amount *a margin of at least 1¾ per cent* would be required, many bankers say.

Venezuela has taken steps to ensure prompt payment of debt incurred by state agencies, *according to Dr. Luis Ugueto,* the Finance Minister. In London last week for the signing of the $1.8bn jumbo Eurocredit, he said that such debt now amounts to about $4.5bn compared with total public sector external indebtedness of about $13bn. Venezuela has undertaken to approach the markets in a more orderly fashion and a programme to put the short-term debt on a sound *footing should* be completed by 1983.



# FT INTERNATIONAL BOND SERVICE

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Brit. Oxygen F. 10¾ 90 | 50 | 88⅞ | 89⅜ | −0½ | −3½ | 12.73 |
| CECA Grad. Rate 12 88 | 100 | 97⅝ | 98⅛ | −0⅛ | −0⅞ | 11.68 |
| CECA 11⅜ 90 | 60 | 96½ | 97 | 0 | −2¾ | 12.19 |
| CECA 11½ 88 | 100 | 98⅛ | 98⅝ | −0⅜ | −1⅝ | 11.81 |
| Citicorp O/S Fin. 10 86 | 300 | 92⅞ | 93⅜ | −1⅛ | −2½ | 11.66 |
| Con. Illinois O/S 9¾ 86 | 150 | 91⅛ | 91⅝ | −2¼ | −3⅛ | 11.85 |
| Denmark 11¾ 90 | 100 | 96⅞ | 97⅜ | −0⅜ | −1⅞ | 12.25 |
| Dome Petroleum 13½ 92 | 50 | 100⅞ | 101⅜ | −0½ | −2 | 13.28 |
| EEC 11 95 | 75 | 93⅜ | 93⅞ | −0⅝ | −2½ | 11.92 |
| EIB 11¾ 92 | 80 | 94½ | 95¼ | +0⅛ | −2¾ | 12.59 |
| EIB 13¾ 90 | 100 | 104½ | 105 | −0¾ | −2¼ | 12.85 |
| Eksportfinans 11¼ 87 | 50 | 98½ | 99 | −0⅝ | −1⅛ | 11.50 |
| Eksportfinans 9½ 87 | 75 | 90⅜ | 90⅞ | −0½ | −2¼ | 11.53 |
| Elec. de France 10 88 | 125 | 92¾ | 93¼ | −1½ | −2¾ | 11.38 |
| *Export Dv. Cpn. 12¾ 87* | 100 | *104½* | *105* | −0¾ | −2 | 11.67 |
| Export Dev. Cpn. 9½ 86 | 150 | 93⅜ | 93⅞ | −0¾ | −2 | 11.09 |
| Federal Dev. Bk. 12¾ 85 | 75 | 102⅜ | 102⅞ | −0⅝ | −1½ | 11.48 |
| Fin. Exp. Credit 10½ 85 | 50 | 96⅛ | 96⅝ | −0⅝ | −2 | 11.49 |
| Finland. Rep. of 9½ 86 | 100 | 90⅛ | 90⅝ | −0⅝ | −2 | 11.91 |
| Ford O/S Fin. 12⅝ 85 | 250 | 98½ | 99 | −0½ | −1⅝ | 12.95 |
| George Weston 13½ 87 | 30 | †101 | 101½ | −0⅛ | −1½ | 13.18 |
| GMAC O/S Fin. 11 84 | 100 | 98½ | 99 | −0⅞ | −1⅜ | 11.34 |
| GMAC O/S Fin. 13⅜ 85 | 100 | 104⅜ | 104⅞ | −0⅝ | −1½ | 11.99 |
| Goodyear O/S 12½ 87 | 75 | 97¼ | 97¾ | −0⅝ | −1¾ | 13.05 |
| Hudson's Bay 11½ 90 | 75 | 95¾ | 96¼ | −1⅛ | −2¼ | 12.21 |
| IBM Canada 10½ 85 | 50 | 98⅞ | 99⅜ | 0 | −0⅞ | 10.73 |
| ICI Fin. Ned. 11 83 | 100 | 99⅝ | 100⅛ | −0⅛ | −0⅝ | 11.02 |
| McGraw 13½ 85 | 75 | 100⅞ | 101⅜ | −0½ | −1⅛ | 13.12 |
| Norwest Ind. 13⅝ 87 | 50 | 100 | 100½ | −0⅛ | −0⅞ | 13.53 |
| Nova Scotia 10¾ 90 | 50 | 91⅝ | 92⅛ | −0½ | −3¼ | 12.20 |
| OKB 10 85 | 50 | 96⅜ | 96⅞ | −0⅝ | −1⅝ | 10.81 |
| Pembroke Capital 9⅝ 87 | 100 | 92¾ | 93¼ | −0⅛ | −1⅛ | 11.15 |
| Pemex 11½ 88 | 100 | 96 | 96½ | −0½ | −1½ | 12.25 |
| Quebec Hydro 11½ 92 | 100 | 95⅝ | 96⅛ | −0¼ | −1⅛ | 12.16 |
| Repsteel O/S 11½ 88 | 100 | 90¾ | 91¼ | −0⅜ | −3⅛ | 13.40 |
| Roylease Ltd. 11¼ 85 | 50 | 99¼ | 99¾ | −0¼ | −1¼ | 11.37 |
| SNCF 12⅜ 85 | 50 | 104 | 104½ | −0⅛ | −0¾ | 11.15 |
| Swed. Ex. Cred. 12½ 85 | 40 | 101¾ | 102¼ | −0⅛ | −1⅛ | 11.89 |
| UB Finance BV 11 90 | 50 | 88½ | 89 | −1⅛ | −3⅞ | 13.08 |
| Unilever NV 9¾ 90 | 100 | 89 | 89½ | −0⅞ | −2⅛ | 11.62 |
| *World Bank 9¾ 85* | 200 | 95⅛ | 95⅝ | −0⅝ | −1⅝ | 11.01 |
| *World Bank 10⅛ 87* | 300 | 95¼ | 95¾ | −0⅛ | −2⅛ | 11.21 |

Average price changes... On day −0⅝ on week −2

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Akzo 9 90 | 125 | 103¼ | 104 | −0⅛ | 0 | 8.43 |
| Australia 8⅛ 90 | 250 | 102¾ | 103½ | −0½ | +0½ | 7.64 |
| BFCE 7¾ 87 | 100 | 99½ | 100½ | +0⅛ | +0⅛ | 7.74 |
| BFCE 8⅛ 95 | 100 | 100¾ | 101½ | 0 | +0¼ | 8.03 |
| Brazil 8 87 | 150 | 93½ | 94¼ | 0 | −0⅛ | 9.23 |
| Council of Eur. 7¾ 89 | 100 | 96⅛ | 96⅞ | −0¾ | +0¼ | 7.81 |
| Denmark 7⅞ 85 | 100 | 99¼ | 100 | 0 | +0⅛ | 7.94 |
| Denmark 8¼ 92 | 100 | 99⅜ | 100⅛ | +0⅛ | −0⅛ | 8.27 |
| EEC 7⅞ 94 | 225 | 98¾ | 99⅞ | −0½ | −0⅛ | 7.91 |
| EIB 7½ 89 | 200 | 97⅞ | 98⅝ | −0¼ | −0⅛ | 7.77 |
| Finland, Rep. of 8 86 | 150 | 99½ | 100¼ | −0⅛ | +0¼ | 8.01 |
| Kobe, City of 7⅛ 89 | 150 | 95⅜ | 96⅛ | −0⅛ | −0⅛ | 7.74 |
| *Kobe, City of 8 90* | 100 | 100½ | 101 | −0¼ | −0⅜ | 7.88 |
| Mt. Bk. Denmark 8½ 90 | 150 | 100⅜ | 101⅛ | −0¼ | −0¼ | 8.36 |
| Norway 7½ 85 | 250 | 100¼ | 101 | 0 | +0⅛ | 7.31 |
| OKB 7¾ 89 | 100 | 96⅜ | 97⅛ | −0⅛ | +0½ | 7.88 |
| OKB 8¼ 92 | 150 | 101 | 101¾ | −0¼ | −0⅛ | 8.06 |
| Oslo, City of 8¾ 90 | 80 | 102⅜ | 103⅛ | −0¼ | −0⅛ | 8.33 |
| Sweden 9¾ 87 | 200 | 107¼ | 108 | −0⅛ | −0⅛ | 8.20 |
| World Bank 7¾ 91 | 400 | 98¾ | 99¼ | −0½ | −0⅞ | 7.89 |
| World Bank 7⅞ 90 | 250 | 99¼ | 99¾ | −0⅛ | −0⅞ | 7.94 |
| *World Bank 10 86* | 150 | *109¼* | *110* | −0⅛ | *0* | 7.84 |
| World Bank 10 90 | 200 | 112 | 112½ | −0⅛ | 0 | 8.12 |

Average price changes... On day −0¼ on week 0

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Argentina 5½ 89 | 80 | *94¾ | 95¼ | 0 | +1¼ | 6.25 |
| Bergen, City of 4¾ 91 | 40 | *94¼ | 94¾ | −0⅛ | −0¼ | 5.43 |
| Bergen, City of 6 90 | 50 | *104 | 104¼ | +0⅛ | +0⅛ | 5.44 |
| BNDE 5 89 | 75 | *85½ | 85¾ | −0⅛ | −0⅛ | 7.23 |
| BMW Overseas 4¼ 91 | 100 | *93 | 93¼ | 0 | −0⅛ | 5.07 |
| Buhrm'n-Tetterode 7 90 | 40 | *106 | 106½ | −0⅛ | −0⅛ | 6.13 |
| Caisse Nat. Tele. 4⅞ 89 | 100 | *94½ | 94¾ | +0⅛ | −0⅛ | 5.13 |
| Copenhagen 4½ 91 | 60 | *90⅝ | 90⅞ | −0⅛ | −0½ | 5.64 |
| Council of Eur. 5 89 | 100 | *95¾ | 95½ | 0 | −0⅝ | 5.65 |
| Denmark 5¾ 90 | 80 | *100½ | 100¾ | −0⅛ | −0¼ | 5.71 |
| EIB 4½ 91 | 100 | *92¾ | 93¼ | 0 | +2 | 5.36 |
| EIB 4⅝ 94 | 100 | *88 | 88½ | 0 | 0 | 5.60 |
| Elec. de France 4⅜ 89 | 100 | *94½ | 95 | 0 | −0½ | 5.12 |
| F. G. H. Hypo. Bk. 6 90 | 50 | *†104 | 104½ | 0 | −0½ | 5.43 |
| GZB 4⅞ 89 | 100 | *92 | 92¼ | 0 | +0⅞ | 5.35 |
| Hilti 4½ 91 | 35 | *93⅜ | 94 | +0⅛ | +0⅛ | 5.00 |
| Int.-Amer. Dev. 4½ 89 | 160 | *91½ | 91¾ | +0⅛ | −0⅛ | 5.71 |
| Int.-Amer. Dev. 7 90 | 80 | *106½ | 107 | +0¼ | −0⅛ | 6.06 |
| Jutland Tele. 5½ 90 | 50 | *100⅛ | 100⅜ | −0⅛ | −0½ | 5.46 |
| Malaysia 5 89 | 80 | *89 | 89¼ | −0⅛ | +0⅝ | 6.61 |
| Newag 5¼ 90 | 80 | *102 | 102¼ | −0⅛ | −0⅜ | 5.47 |
| Nippon Tel. & T. 4⅞ 89 | 100 | *95 | 95½ | +0⅛ | +0⅞ | 4.90 |
| Nordic Bank 5 88 | 45 | *97⅜ | 98½ | +0⅛ | −1⅞ | 5.27 |
| Norges Komm. 4⅞ 91 | 100 | *92¼ | 92½ | 0 | +0⅛ | 5.29 |
| OKB 4⅜ 91 | 100 | *92⅜ | 92⅝ | +0⅛ | +0⅛ | 5.29 |
| OKB 6 90 | 100 | *103¼ | 103½ | +0¼ | −0⅛ | 5.53 |
| Oslo, City of 4⅜ 91 | 100 | *90⅞ | 90⅜ | −0¼ | −0⅛ | 5.56 |
| Sekisui Pre. Hms. 6 90 | 80 | *102¾ | 103 | −0⅛ | 0 | 5.61 |
| Shikoku El. Pwr. 4⅜ 89 | 100 | *96 | 96½ | 0 | 0 | 5.28 |
| World Bank 4⅝ 89 | 100 | *96½ | 97 | 0 | −0¼ | 5.08 |
| World Bank 4⅝ 89 | 150 | *91½ | 92 | −0½ | −0⅝ | 5.56 |
| World Bank 4⅝ 91 | 100 | *92⅝ | 92⅞ | 0 | −0⅛ | 5.50 |

Average price changes... On day 0 on week 0

| YEN STRAIGHTS | Issued | *Bid* | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia 5.6 83 | 30 | 92 | 93¼ | +0⅛ | +0¼ | 8.33 |
| Australia 8½ 88 | 20 | 87⅜ | 88⅞ | 0 | +0¼ | 8.67 |
| EIB 7¾ 89 | 12 | 95½ | 97¼ | 0 | −0⅛ | 8.33 |
| Finland 5.6 83 | 10 | 91¼ | 92⅜ | 0 | 0 | 8.62 |
| Finland 6.8 88 | 10 | 88⅝ | 89½ | 0 | +0⅛ | 8.88 |
| Finland, Rep. of 8⅜ 87 | 15 | 96 | 97½ | −0¼ | −0⅛ | 9.02 |

Average price changes... On day 0 on week 0

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Bell Canada 10¾ 86 C$ | 60 | 94⅜ | 94⅞ | −0⅛ | −1⅛ | 12.01 |
| CIBC 13½ 85 C$ | 50 | 102 | 102½ | −0⅛ | −1⅛ | 12.80 |
| CIBC 11¼ 85 C$ | 60 | 96½ | 97 | −0⅛ | −1⅜ | 12.41 |
| Federal Dev. 11½ 90 C$ | 60 | 94⅜ | 95⅛ | −0⅞ | −1⅛ | 12.40 |
| Fst. Can. Inv. 10 84 C$ | 50 | 92⅜ | 92⅝ | −0⅛ | −1⅛ | 12.62 |
| GMAC 12 85 C$ | 50 | †98 | 98½ | 0 | −1 | 12.48 |
| R. Bk. Canada 10 88 C$ | 40 | 92⅜ | 93⅛ | −0⅛ | −1⅛ | 11.71 |
| Tordom Cpn. 13½ 85 C$ | 30 | 102 | 102½ | −0⅛ | −1⅛ | 12.80 |
| M. Bk. Dnmk. 9 91 EUA | 25 | 93⅞ | 94⅞ | +0⅛ | +0⅛ | 9.85 |
| SOFTE 8¼ 89 EUA | 40 | 88 | 89⅛ | 0 | +0⅝ | 10.26 |
| U. Bk. Nrwy. 9½ 90 EUA | 18 | 98¾ | 99¼ | 0 | 0 | 9.69 |
| Algemene Bk. 8¾ 84 Fl | 75 | 96½ | 97 | −0⅛ | −0⅛ | 9.22 |
| Algemene Bk. 10¾ 87 Fl | 400 | 101¼ | 102¼ | −0⅛ | +0⅛ | 9.84 |
| Bk. Mees & H. 10 85 Fl | 75 | 100½ | 101 | −0½ | 0 | 9.80 |
| Heineken NV 10 87 Fl | 75 | 101 | 101½ | −0½ | 0 | 9.74 |
| Ned. Gasunie 8¾ 84 Fl | 50 | 100⅛ | 100⅞ | −0⅛ | 0 | 8.55 |
| Norway 8¼ 84 Fl | 100 | 96⅝ | 97⅛ | −0⅛ | 0 | 9.13 |
| Philips Lamps 8¼ 84 Fl | 75 | 97 | 97½ | −0⅛ | 0 | 9.18 |
| Air France 11 84 FFr | 120 | 96⅜ | 97⅜ | −0⅛ | +0⅛ | 11.99 |
| CECA 14¾ 86 FFr | 150 | 106⅛ | 107⅛ | −0⅛ | −0⅛ | 12.47 |
| Euratom 9⅞ 87 FFr | 160 | 85⅜ | 86⅛ | 0 | +0⅛ | 13.04 |
| Finland 11 84 FFr | 80 | 96½ | 96½ | +0⅛ | +0½ | 12.24 |
| *Finland 11½ 89 FFr* | 70 | 93¼ | 94¼ | −0⅛ | −0½ | 12.57 |
| Gaz de France 11 84 FFr | 150 | *95⅛ | 96⅛ | 0 | +0⅛ | 12.18 |
| IBM France 11⅞ 84 FFr | 120 | 97½ | 98½ | −0⅛ | −0⅛ | 12.44 |
| Renault 9¾ 85 FFr | 100 | 87⅜ | 88⅜ | −0⅛ | +0½ | 13.24 |
| Saint-Gobain 9¾ 86 FFr | 130 | 86⅞ | 86⅞ | −0⅛ | −0¾ | 13.24 |
| Solvey et Cie 9¾ 86 FFr | 125 | 84⅞ | 85⅞ | 0 | +0¼ | 13.13 |
| Beneficial Fin. 14¼ 90 £ | 20 | 100¼ | 100⅝ | +0¼ | −2⅛ | 14.12 |
| Citicorp O/S 13½ 90 £ | 50 | 100 | 100½ | −0⅛ | −2 | 13.41 |
| EIB 11½ 91 £ | 25 | 92⅜ | 93½ | −1⅛ | −3⅛ | 12.76 |
| Fin. for Ind. 12½ 89 £ | 30 | 97⅜ | 97⅝ | −1⅛ | −1⅞ | 12.98 |
| Fin. for Ind. 14⅜ 88 £ | 20 | 103⅞ | 104⅛ | −0⅛ | −1 | 13.63 |
| Gen. Elec. Co. 12½ 89 £ | 50 | 98⅛ | 99 | −0⅛ | −1⅛ | 12.74 |
| Swed. Ex. Cr. 15¾ 85 £ | 20 | 104⅜ | 105⅛ | −0½ | −1⅛ | 13.75 |
| Banobras 8¾ 90 KD | 7 | †95⅜ | 95⅞ | 0 | 0 | 8.93 |
| CCCE 8¼ 91 KD | 10 | †93½ | 94¼ | 0 | −0⅛ | 9.01 |
| Mitsubishi 7½ 84 KD | 10 | †94⅜ | 95 | 0 | −0⅛ | 9.17 |
| Sonatrach 8½ 90 KD | 12 | †94⅜ | 95 | 0 | −0¼ | 9.36 |
| Akzo 9¾ 87 LuxFr | 500 | 95 | 96 | −0⅛ | +0⅛ | 10.14 |
| Euratom 8 87 LuxFr | 500 | 89⅜ | 90⅜ | 0 | 0 | 10.09 |
| Euratom 9¾ 88 LuxFr | 500 | 98¼ | 99¼ | +0⅛ | −0⅛ | 9.97 |
| EIB 9¾ 88 LuxFr | 600 | 98⅜ | 99⅜ | +0⅛ | +0⅛ | 9.95 |
| Volvo 9¾ 87 LuxFr | 500 | 96⅛ | 97⅛ | +0⅛ | +0⅛ | 10.36 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| *Allied Irish Bk. 5¼ 87* | 0¼ | 98⅛ | 98⅝ | 2/1 | 10.44 | 10.61 |
| Bank of Ireland 5¾ 89 | ‡0⅛ | 97⅜ | 98⅛ | 21/8 | 11.81 | 12.05 |
| Bank of Tokyo 5¼ 89 | ‡0⅛ | 96⅞ | 97⅜ | 25/10 | 16.56 | 17.05 |
| Barclays O/S Inv. 5 90 | 0⅛ | 97⅞ | 98⅛ | 13/12 | 9⅝ | 9.83 |
| Bergen Bk. A/S 6 89 | ‡0⅛ | 97 | 97½ | 29/8 | 10 | 10.28 |
| Bilbao Int. NV 5¾ 90 | 0⅛ | 96⅜ | 97½ | 29/11 | 10.06 | 10.35 |
| Citicorp O/S F. 83 | §†0 | 99 | 99½ | 23/8 | 10.19 | 10.26 |
| Citicorp O/S F. 84 | †0 | 98⅜ | 98⅞ | 30/7 | 9.69 | 9.82 |
| C. Itoh 5¼ 87 | 0⅛ | 99⅜ | 99⅞ | 18/9 | 19.44 | 19.51 |
| *Co-operative Bk. 6 86* | 0⅛ | 98⅜ | 98⅞ | 15/11 | 11.44 | 11.63 |
| Creditanstalt 5½ 91 | §‡0⅛ | 97 | 97½ | 14/8 | 9.44 | 9.70 |
| CNT 5¼ 86 | §0⅛ | 100¼ | 101 | 16/10 | 18⅛ | 17.99 |
| GZB 5½ 89 | 0¼ | 97⅞ | 98⅜ | 1/8 | 15⅛ | 15.54 |
| Jugobanka 8 89 | 0⅞ | 90⅜ | 92⅛ | 23/11 | 11⅞ | 12.74 |
| Ind. Bank Japan 5¾ 87 | 0¼ | 99⅜ | 100⅛ | 15/10 | 18⅝ | 18.75 |
| Lloyds Eurofin 8 90 | 0⅛ | 97⅛ | 97⅝ | 3/1 | 15⅛ | 16.16 |
| LTCB Japan 5⅞ 86 | 0⅛ | 98⅜ | 98⅞ | 13/12 | 9⅝ | 9.77 |
| LTCB Japan 5½ 89 | 0⅛ | 98⅛ | 98⅝ | 7/12 | 10⅛ | 10.28 |
| Mfrs. Han. O/S 5¼ 94 | ‡0⅛ | 97⅛ | 97⅝ | 31/8 | 9⅞ | 10.13 |
| Midland Intl. Fin. 5 89 | 0⅛ | 98½ | 99 | 20/12 | 9½ | 9.62 |
| Midland Intl. Fin. 5⅜ 92 | 0⅛ | 98⅛ | 98⅝ | 5/12 | 10⅝ | 11.05 |
| Nacional Fin. 6¼ 88 | 0⅝ | 97⅝ | 98⅛ | 25/1 | 9.69 | 9.89 |
| Nat. West. 5¼ 94 | §0⅛ | 99⅝ | 100⅛ | 11/10 | 18⅝ | 18.65 |
| Nippon Credit 6⅛ 86 | 0⅛ | 97⅜ | 97⅞ | 12/1 | 9.56 | 9.80 |
| Nippon Credit 5¼ 87 | ‡0⅛ | 97⅞ | 98⅛ | 6/8 | 14⅜ | 14.69 |
| Royal Bk. Scot. 5¼ 94 | §‡0⅛ | 97⅛ | 98⅛ | 11/10 | 9.31 | 9.49 |
| Soc. C. de Bque. 6½ 87 | 0⅛ | 100⅛ | 100⅝ | 3/10 | 20.06 | 19.89 |
| Standard Chart. 5¼ 90 | 0⅛ | 99⅝ | 100⅛ | 6/9 | 17⅛ | 17.27 |
| Svenska Hndlsbk. 5 87 | 0⅛ | 98½ | 99 | 15/1 | 10 | 10.13 |
| Sweden 8¾ 91 | ‡0⅛ | †98⅛ | 98⅝ | 18/10 | 18⅛ | 18.33 |
| Williams & Glyn 5¼ 91 | 0¼ | 98⅛ | 99 | 14/9 | 18⅝ | 18.76 |
| Bq. E. d'Alg. 4⅞ 89 SF | 0⅝ | *90⅛ | 91½ | 18/12 | 6⅛ | 6.73 |

Average price changes... On day 0 on week −0⅛

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| AGA Akt'bolag 7⅜ 89 | 10/79 | 145 | †121 | 121½ | +1 | −8.02 |
| Ajinomoto 7⅞ 95 | 2/80 | 815.5 | 108⅛ | 108⅜ | −0⅛ | −1.97 |
| Alco Int. Fin. 8½ 94 | 1/80 | 40 | †95⅛ | 96 | −0⅛ | 27.67 |
| Apache I. Fin. 8⅜ 95 | 12/80 | 21.12 | 115 | 116½ | +0⅝ | −1.15 |
| Asahi Optical 7 94 | 11/79 | 526.1 | 95⅛ | 96⅛ | −0⅛ | −1.14 |
| Blocker Energy 8⅜ 95 | 1/81 | 21.87 | *97½ | 98⅛ | −0⅛ | 27.98 |
| Canon 6⅜ 94 | 8/79 | 570 | 104⅛ | 105⅛ | −0⅛ | −0.19 |
| Credit Suisse 4¾ 93 | 10/79 | 1278 | †110 | 110½ | +1½ | −0.81 |
| Daiei Inc. 6½ 94 | 11/79 | 927.3 | 97⅜ | 98⅛ | +0⅛ | 25.19 |
| DDKK 11 90 | 4/80 | 324 | 108¼ | 108⅝ | 0 | 11.21 |
| Dynalectron 8½ 95 | 8/80 | 12.22 | 104 | 105 | −1½ | 4.24 |
| Enserch Fin. 9½ 94 | 7/80 | 30.25 | 125¾ | 126¾ | 0 | −0.33 |
| Meidensha Elec. 7 94 | 12/79 | 210 | 98½ | 99½ | −0½ | 10.01 |
| Mitsubishi Cp. 6½ 94 | 10/79 | 549.1 | †120 | 121½ | +0½ | 2.74 |
| Nippon Seiko 7¾ 94 | 12/79 | 339 | †104½ | 105 | −0⅝ | 0.23 |
| Toshiba Cpn. 7¾ 94 | 10/79 | 198 | 97⅛ | 97⅝ | 0 | 3.26 |
| Union Bk. Switz. 5 89 | 2/80 | 121.4 | †98½ | 99 | −0⅛ | 3.85 |
| Fujitsu 5 84 DM | 7/79 | 475 | 102⅛ | 103 | −0⅛ | −1.00 |
| Kansai Elec. 4 84 DM | 4/79 | 1210 | 87 | 88 | −0⅛ | 38.98 |
| Sharp Cpn. 6½ 88 DM | 9/88 | 596 | 101 | 101½ | +0⅛ | 8.98 |
| Uny Co. 6½ 85 DM | 11/79 | 1071 | 97⅝ | 98⅛ | −0½ | 24.26 |



BONDTRADE INDEX AND YIELD

| | Medium term | | Long term | |
|---|---|---|---|---|
| Aug. 1 | 92.37 | 9.97 | 81.95 | 11.04 |
| July 25 | 92.76 | 9.86 | 82.50 | 10.92 |
| High '80 | 93.58 | (18/6) | 89.19 | (2/1) |
| Low '80 | 86.32 | (2/4) | 71.54 | (29/2) |

EUROBOND TURNOVER
(nominal value in $m)

| | Cedel | Euroclear |
|---|---|---|
| **U.S. $ bonds** | | |
| Last week | 1,155.1 | 2,023.1 |
| Previous week | 1,912.9 | 2,441.4 |
| **Other bonds** | | |
| Last week | 835.5 | 556.0 |
| Previous week | 265.8 | 606.8 |

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; *Kredietbank Luxembourg;* Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Orion Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on August 1

# WORLD STOCK MARKETS

## NEW YORK

| 1980 High | 1980 Low | Stock | Aug. 1 |
|---|---|---|---|
| 47⅛ | 27 | Cincinnati Mil. | 46½ |
| 24½ | 17⅛ | Citicorp | 21⅝ |
| 39⅜ | 27¾ | Cities Service | 32⅞ |
| 29 | 14¾ | City Investg | 23½ |
| 39⅜ | 29⅜ | Clark Equipment | 34⅛ |
| 37⅜ | 26 | Cleve Cliffs Iron | 30⅞ |
| 10¾ | 8 | Clorox | 10 |
| 9⅞ | 6⅞ | Cluett Peaby | 9¼ |
| 37⅜ | 28⅞ | Coca Cola | 36⅞ |
| 6¼ | 4 | Coca Btl. NY | 5⅞ |
| 15⅞ | 11⅜ | Colgate Palm | 15 |
| 8¾ | 6¼ | Collins Aikman | 8 |
| 53½ | 35⅛ | Colt Inds | 45⅝ |

| 1980 High | 1980 Low | Stock | Aug. 1 |
|---|---|---|---|
| 29 | 19¼ | Genuine Parts | 26½ |
| 33½ | 22½ | Georgia Pac | 28½ |
| 79⅞ | 43 | Geosource | 79⅛ |
| 25½ | 17⅞ | Gerber Prod | 23⅜ |
| 96¾ | 68½ | Getty Oil | 81 |
| 36 | 18½ | Giddings Lewis | 30¾ |
| 29 | 18⅞ | Gillette | 28⅞ |
| 37¾ | 18¾ | Global Marine | 35 |
| 22 | 16½ | Goodrich (BF) | 21 |
| 15⅜ | 10⅞ | Goodyear Tire | 15⅜ |
| 28⅛ | 20 | Gould | 27½ |
| 44 | 33¼ | Grace | 44 |
| 39⅞ | 25¾ | Grainger (WW) | 36½ |

| 1980 High | 1980 Low | Stock | Aug. 1 |
|---|---|---|---|
| 30½ | 21 | Media Genl | 30½ |
| 79⅛ | 55¼ | Medtronic | 77 |
| 28⅞ | 22 | Mellon Natl. | 27⅝ |
| 40¼ | 23½ | Melville | 39⅞ |
| 19⅜ | 10½ | Memorex | 14¼ |
| 40¾ | 30¾ | Mercantile Sts. | 36⅞ |
| 78 | 60¾ | Merck | 77¼ |
| 41½ | 32 | Meredith | 39⅞ |
| 28½ | 17⅝ | Merrill Lynch | 28 |

| 1980 High | 1980 Low | Stock | Aug. 1 |
|---|---|---|---|
| 56⅜ | 35 | St. Joe Minls. | 55¾ |
| 79 | 49¼ | St. Louis-San F. | 78½ |
| 42 | 31 | St. Paul Cos | 36¼ |
| 36¾ | 25¼ | St. Regis Paper | 32⅝ |
| 72¾ | 48¾ | Santa Fe Inds | 60⅝ |
| 45¼ | 30 | Santa Fe Intl. | 38½ |
| 9¼ | 5¼ | Saul Invest | 9¼ |
| 8⅛ | 4¼ | Saxon Inds | 6⅝ |
| 43½ | 29⅛ | Schering Plo. | 42¼ |

## CANADA

## HOLLAND

## HONG KONG

## JAPAN

## ITALY

## NORWAY

## SWEDEN

## SWITZERLAND

## FRANCE

## AUSTRALIA

## GERMANY

## AUSTRIA

## BELGIUM/LUXEMBOURG

## DENMARK

## SINGAPORE

## SOUTH AFRICA

| 1980 High | 1980 Low | Aug. 1 | Price Rand |
|---|---|---|---|
| 6.60 | 5.00 | Nedbank | 6.47 |
| 18.30 | 12.50 | OK Bazaars | 18.3 |
| 3.75 | 2.55 | Protea Hldgs. | 3.70 |
| 7.75 | 5.90 | Rembrandt | 6.90 |
| 3.85 | 2.65 | Rennies | 3.8 |
| 7.25 | 4.90 | Rust Plat | 6.45 |
| 2.85 | 2.25 | Sage Hldgs | 2.65 |
| 3.88 | 2.68 | SA Brews | 3.88 |
| 13.50 | 10.30 | Smith CG Sugar | 12.5 |
| 2.20 | 1.40 | Sorec | 2.1 |
| 17.50 | 13.50 | Tiger Oats | 15.80 |
| 2.55 | 1.85 | Unisec | 2.40 |

**Financial Rand US$0.85¼**
**(Discount of 34¼%)**

## BRAZIL

| 1980 High | 1980 Low | Aug. 1 | Price Cruz |
|---|---|---|---|
| 2.53 | 1.09 | Acesita | 2.14 |
| 4.67 | 2.45 | Banco Brazil | 4.17 |
| 5.30 | 1.90 | Belgo. Min | 4.80 |
| 2.79 | 1.40 | Lojas Amer | 2.52 |
| 6.10 | 1.57 | Petrobras PP | 4.04 |
| 4.00 | 2.55 | Souza Cruz | 3.20 |
| 7.20 | 4.80 | Unip PE | 6.85 |
| 11.90 | 2.93 | Vale Rio Doce | 10.75 |

## TEL AVIV

| Company | Prices Aug. 3 1980 | Change on the week |
|---|---|---|
| **Banking, Insurance and Finance** | | |
| Bank Leumi le Israel | 887 | + 38 |
| IDB Bankholding | 1,003 | + 59 |
| Bank Hapoalim Br. | 790 | + 7 |
| Union Bank Israel Br. | 818 | + 42 |
| Utd. Mizrahi Bank | 647 | + 36 |
| Hassneh Insurance Br. | 538ex | + 30 |
| General Mort. Bank Br. | 685 | + 38 |
| "Tefahot" Isrl. Mt. Bk. | 655 | + 34 |
| **Land Development** | | |
| Africa Israel Inv. I£10 | 1,445 | +111 |
| Israel Land Dev. Br. | 578 | + 22 |
| Property & Building | 692 | + 57 |
| **Public Utility** | | |
| Israel Electric Corp. | 558 | − 42 |
| **Investment Companies** | | |
| Bank Leumi Invest. | 674 | + 33 |
| "Clal" Israel Invest. | 800 | − 20 |
| Discount Invest. (NT) | 580 | + 29 |
| **Commercial and Industrial** | | |
| Alliance Tire & Rubber | 2,420 | +180 |
| Elco Br. | 1,190 | + 40 |
| Argaman Textile Br. | 5413 | − 45 |
| "Ata" Textile "B" | 234 | − 21 |
| Amer. Israeli Ppr. Mills | 1,042 | + 79 |
| Assis | 490 | + 14 |
| Elite | 1,065 | +115 |
| Teva Reg. | 1,385 | +117 |
| **Fuel and Oil** | | |
| Delek | 600 | + 52 |

Source+ Bank Leumi le Israel BM, Tel Aviv.

Spanish prices, Page 18

Spanish prices Page 18

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xr Ex scrip issue. xa Ex all.

# Indices

## NEW YORK —DOW JONES

| | Aug. 1 | July 31 | July 30 | July 29 | July 28 | July 25 | 1980 High | 1980 Low | Since Cmpil't'n High | Since Cmpil't'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ◆ Industr'ls | 931.46 | 935.52 | 936.18 | 951.91 | 925.45 | 918.08 | 936.18 (30/7) | 759.13 (21/4) | 1051.70 (11/73) | 41.22 (2/7/32) |
| H'me B'nds | 71.84 | 72.12 | 72.68 | 72.68 | 72.84 | 72.69 | 76.61 (25/6) | 63.87 (28/3) | — | — |
| Transport | 311.08 | 312.91 | 314.47 | 310.81 | 304.45 | 303.90 | 314.47 (30/7) | 233.69 (27/3) | 314.47 (30/7/80) | 12.23 (8/7/32) |
| Utilities | 110.46 | 111.59 | 112.01 | 111.94 | 111.65 | 112.95 | 115.88 (8/7) | 96.04 (27/3) | 163.32 (20/4/69) | 10.52 (28/4/42) |
| TradingVol 000's | 48,440 | 54,610 | 58,060 | 44,840 | 35,350 | 36,260 | — | — | — | — |

Day's high 940.03 low 924.83

| Ind. div. yield % | July 18 | July 11 | July 4 | Year ago (approx) |
|---|---|---|---|---|
| | 5.72 | 5.93 | 5.94 | 5.83 |

### STANDARD AND POORS

| | Aug. 1 | July 31 | July 30 | July 29 | July 28 | July 25 | 1980 High | 1980 Low | Since Cmpil't'n High | Since Cmpil't'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ‡Indust'ls | 137.27 | 137.77 | 138.41 | 138.68 | 137.51 | 136.84 | 138.68 (29/7) | 111.09 (27/7) | 138.68 (29/7/80) | 3.52 (30/6/32) |
| §Composite | 121.21 | 121.67 | 122.23 | 122.40 | 121.43 | 120.78 | 122.51 (21/7) | 98.22 (13/2) | 125.85 (11/1/73) | 4.40 (1/6/32) |

| | July 16 | July 9 | July 2 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 4.68 | 4.97 | 5.07 | 5.32 |
| Ind. P/E Ratio | 8.02 | 7.90 | 7.22 | 7.87 |
| Long Gov. Bond Yield | 10.08 | 10.11 | 10.13 | 8.92 |

### N.Y.S.E. ALL COMMON

| Aug. 1 | July 31 | July 30 | July 29 | 1980 High | 1980 Low |
|---|---|---|---|---|---|
| 69.44 | 69.64 | 69.95 | 69.99 | 70.10 (21/7) | 55.30 (27/3) |

| Rises and Falls | Aug. 1 | July 31 | July 30 |
|---|---|---|---|
| Issues Traded | 1,516 | 1,908 | 1,916 |
| Rises | 647 | 607 | 961 |
| Falls | 611 | 937 | 601 |
| Unchanged | 258 | 364 | 354 |
| New Highs | — | 75 | 157 |
| New Lows | — | 8 | 3 |

| MONTREAL | Aug. 1 | July 31 | July 30 | July 29 | 1980 High | 1980 Low |
|---|---|---|---|---|---|---|
| Industrial | 394.80 | 396.45 | 402.57 | 401.16 | 423.80 (28/2) | 325.21 (27/3) |
| Combined | 364.22 | 365.90 | 370.26 | 367.85 | 378.30 (28/2) | 286.30 (27/3) |
| TORONTO Composite | 2193.16 | 2197.4 | 2212.1 | 2206.8 | 2212.1 (30/7) | 1702.5 (27/3) |

## NEW YORK ACTIVE STOCKS

| Friday | Stocks traded | Closing price | Change on day | | Stocks traded | Closing price | Change on day |
|---|---|---|---|---|---|---|---|
| El Paso Co. | 814,500 | 21⅛ | + ⅛ | Citicorp | 541,500 | 21⅛ | − ¼ |
| Mattel | 737,100 | 11⅞ | + ⅞ | Exxon | 506,900 | 70⅜ | + ⅝ |
| General Foods | 641,520 | 30 | − ⅜ | Phillips Petrolm. | 433,600 | 41 | — |
| Sony | 537,900 | 9⅜ | — | UAL | 465,300 | 23 | + ⅛ |
| Mid-So. Utl. | 555,200 | 12⅜ | − ¼ | ATT | 451,800 | 51⅜ | − ½ |

| | Aug. 1 | July 31 | July 30 | July 29 | 1980 High | 1980 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| Sydney All Ord. (1956/59) | 917.45 | 919.26 | 918.82 | 919.65 | 947.47 (14/2) | 760.00 (2/1) |
| Metals & Minls (1956/59) | 5716.44 | 5748.91 | 5777.88 | 5806.25 | 6680.85 (14/2) | 4581.28 (28/3) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (2/1/62) | 67.36 | 67.56 | 67.56 | 67.50 | 69.40 (7/1) | 66.85 (23/6) |
| **BELGIUM** | | | | | | |
| Belgian SE (31/12/63) | 94.89 | 94.54 | 94.78 | 94.66 | 105.75 (11/2) | 90.14 (31/3) |
| **DENMARK** | | | | | | |
| Copenhagen SE (1.1/73) | 86.29 | 86.45 | 86.70 | 86.73 | 86.74 (2/1) | 74.78 (5/3) |
| **FRANCE** | | | | | | |
| CAC General (29/12/61) | 106.5 | 106.8 | 107.7 | 107.9 | 117.9 (22/2) | 97.1 (3/1) |
| Ind Tendance (28/12/79) | 110.6 | 110.5 | 110.5 | 111.2 | 111.4 (24/7) | 95.6 (3/1) |
| **GERMANY** | | | | | | |
| FAZ-Aktien 31/12/58 | 234.59 | 235.04 | 234.65 | 233.68 | 258.89 (26/2) | 212.73 (28/3) |
| Commerzbank (Dec. 1953 | 737.5 | 740.1 | 738.9 | 756.0 | 749.2 (25/2) | 667.0 (27/3) |
| **HOLLAND** | | | | | | |
| ANP-CBS General (1970) | 87.1 | 86.9 | 87.2 | 87.6 | 89.0 (25/7) | 74.0 (27/3) |
| ANP-CBS Indust. (1970) | 66.8 | 66.5 | 66.3 | 66.6 | 68.2 (11/1) | 58.2 (28/3) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 1144.2 | 1168.55 | 1168.74 | 1168.12 | 1168.74 (30/7) | 738.9 (19/3) |
| **ITALY** | | | | | | |
| Banca Comm. Ital (1972) | 113.01 | 113.80 | 112.11 | 110.41 | 113.80 (31/7) | 83.11 (2/1) |
| **JAPAN** | | | | | | |
| Dow Average (16/5/49) | 6796.3 | 6815.63 | 6821.10 | 6811.38 | 6904.91 (25/4) | 6475.93 (27/3) |
| Tokyo New SE (4/1/68) | 469.44 | 470.50 | 468.82 | 468.35 | 473.55 (23/6) | 449.01 (10/3) |
| **NORWAY** | | | | | | |
| Oslo SE (1/1/72) | 123.92 | 124.91 | 125.42 | 125.75 | 144.70 (14/2) | 110.72 (28/3) |
| **SINGAPORE** | | | | | | |
| Straits Times (1966) | 579.19 | 582.98 | 580.25 | 578.04 | 582.95 (31/7) | 429.75 (3/1) |
| **SOUTH AFRICA** | | | | | | |
| Gold (1958) | — | 781.0 | 772.8 | 782.7 | 782.7 (29/7) | 849.5 (2/7) |
| Industrial (1958) | — | 583.5 | 582.2 | 581.5 | 583.5 (31/7) | 456.8 (2/1) |
| **SPAIN** | | | | | | |
| Madrid SE (28/12/79) | 103.96 | 103.86 | 105.96 | 105.79 | 105.98 (30/7) | 95.76 (13/5) |
| **SWEDEN** | | | | | | |
| Jacobson & P. (1/1/58) | 374.45 | 372.87 | 372.15 | 372.28 | 386.88 (6/2) | 334.72 (17/1) |
| **SWITZERLAND** | | | | | | |
| SwissBank Co. (31/12/58) | (c) | 310.7 | 310.2 | 309.6 | 317.9 (11/2) | 275.0 (28/3) |
| **WORLD** | | | | | | |
| Capital Intl. (1/1/70) | — | 146.6 | 147.6 | 147.8 | 146.6 (21/7) | 120.5 (27/3) |

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

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# FINANCIAL TIMES SURVEY

Monday August 4 1980

# WALES

The spectre of the mass unemployment of the thirties still haunts the Welsh valleys. It is not surprising therefore that the citizens of the Principality are acutely worried by the impact of the current recession, with one in three jobless in some areas. But Inmos and the new 'enterprise zone' offer some hope.

## Back to the bad old days

**By Robin Reeves**
*Welsh Correspondent*

WHEN THE Prime Minister, Mrs. Margaret Thatcher, visited Swansea last month for the Conservative's annual Welsh conference some 5,000 Welsh folk defied a wet Saturday morning to turn out to demonstrate their anger at Government policies. It was an indication of the worry and frustration which has descended on Wales since the Conservatives took over the helm 15 months ago.

Wales is of course not alone in suffering rapidly rising unemployment. But more than in most other parts of the UK, the spectre of mass unemployment is deeply etched on the communal consciousness.

During the thirties' depression whole towns and villages rotted on the dole, and an estimated 430,000 people were forced to migrate from their communities in search of work.

In the circumstances, Mrs. Thatcher was not exactly tactful when she suggested in her conference speech that the unemployed should move out of Wales to find work. It was widely interpreted as an affront to Welsh national sensitivities—never very far from the surface in Wales.

The Government had already helped to inflame specifically nationalist sentiment by abandoning its manifesto and Queen's Speech pledge to establish a Welsh language television service on the new fourth channel. This retraction was immediately seized upon by the Welsh Nationalist Party, Plaid Cymru, as a betrayal of Welsh interests and sufficient reason to abandon the Party's strict constitutionalism in favour of a campaign of non-payment of television licences.

The Government was prepared for a hostile reaction—the Welsh channel proposal previously enjoyed all-party support—but it is now faced with the threat of a fast to the death by Mr. Gwynfor Evans, the veteran president of Plaid Cymru, unless the pledge is fulfilled.

Returning to the economic front, however, many people may indeed have no option but to look elsewhere for employment. Last month unemployment in Wales soared by nearly 18,000 to 116,869—a jump from 9 per cent to 10.6 per cent of the working population of just over 1m. The steel industry was initially in the forefront of the job losses but now layoffs and short-time working have spread to many other sectors of manufacturing industry. Closures are threatened in the Welsh coal-mining industry and it seems only a matter of time before local government, a significant source of employment in many parts of Wales, will also have to shed labour.

The seriousness of the region's employment difficulties was underlined by the Commons Select Committee on Welsh affairs last week. It urged the Government to adopt a wide package of measures aimed at helping industry during the recession and stepping up the creation of new jobs, by even more factory building. The proposals are now being studied by Ministers.

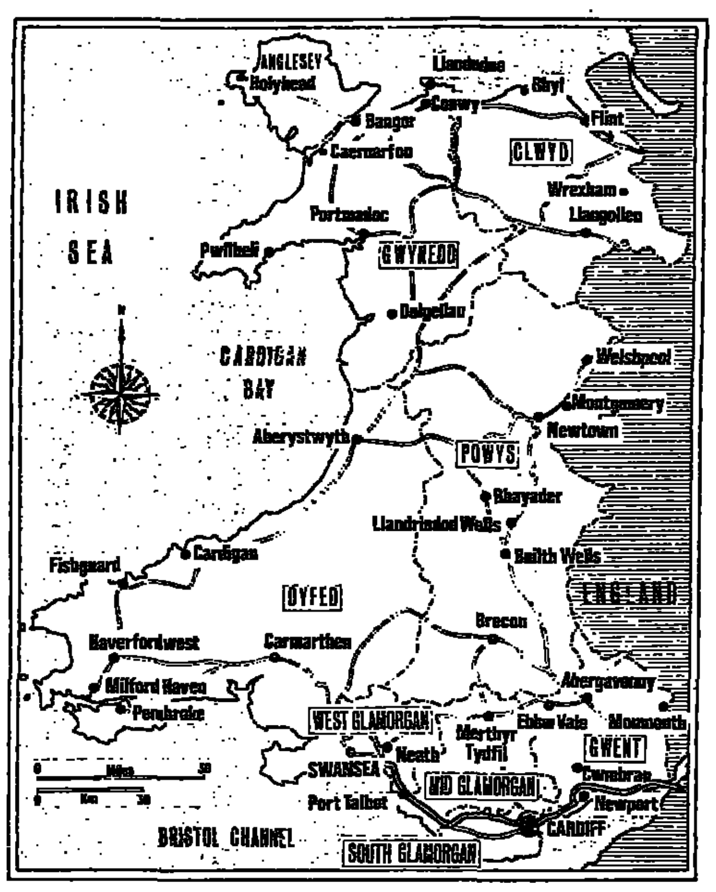
The committee also warned bluntly that there was a risk of "serious social disorder" unless the economic problems were tackled more vigorously.

### Change

Despite the coal and steel image, industrial change is not new to Wales. Between 1960 and 1976 some 76,000 new jobs were established in a wide range of manufacturing enterprises, encouraged by an active regional policy and a relatively buoyant economy. Combined with the growth in the services sector, they offset to a large degree the contraction of traditional industries, notably coal. During the 1960s collieries in the South Wales coalfield, which once employed nearly 250,000 miners, as against 26,000 today, were being closed at an average rate of one every six weeks.

During the 1970s it was the turn of the steel industry to shed labour. Starting from a position where approaching one in 10 of the Welsh workforce were closely connected with steel, the numbers employed in the industry fell by half over the decade.

At the same time the drive to create replacement jobs was stepped up. The Welsh development Agency (WDA) was established in 1975, charged specifically with the task of trying to strengthen and diversify the Welsh economy. It was able to direct new energy and considerable financial resources into the development of industrial estates—complete with the infrastructure and services required by modern industry—and into substantial advance factory building programmes.




Combined with a long-overdue improvement in the road and rail infrastructure, which makes the most of the area's relative proximity to south-east England and the Midlands, and the availability of skilled labour, this effort gave Wales the opportunity to compete in the "First Division" for footloose manufacturing investment.

There have been many successes, but the most spectacular coup was the Ford Motor Company's decision to site its new £180m European engine plant at Bridgend in South Wales.

During the past 12 months, however, an optimism that was beginning to border on complacency has been rudely shattered. The first hammer blow fell on North Wales, where British Steel Corporation (BSC) announced the closure of iron and steelmaking on Deeside with 7,000 redundancies—the biggest single industrial redundancy since the war.

A few weeks later Sir Keith Joseph, the Industry Secretary, announced, as part of the public expenditure cuts, a major cutback in regional development aid.

South Wales' turn for the hammer came in December with the retrenchment programme to halve steel output at the giant Port Talbot and *Llanwern works, two linchpins* of the region's economy.

The South Wales ports, for example, handled well over 6.5m tonnes of steel-related traffic in 1979, representing more than a third of their total throughput. An indicator of the difficulties the steel cutback will create is that their trade fell by more than 1.5m tonnes during the three-month steel strike.

The Government has insisted all along that BSC must be left to take its own decisions, but it would be unfair to suggest it has stood idly by. Within the stringent limits of the Government's finance policy, Mr. Nicholas Edwards, Secretary of State for Wales, secured a special allocation of funds for a major programme of industrial estate development and advance factory building over the next two years in the areas most affected by the steel rundown.

The Government has also upgraded the Shotton, Port Talbot and Llanwern travel-to-work areas for regional development grant purposes and encouraged pension funds to become involved in the industrial property side of the WDA's activities. It plans to establish an enterprise zone near Swansea and within easy travelling distance of the Port Talbot area.

### Optimistic

All these measures should help to take advantage of an upturn in the economy: certainly the Secretary of State is optimistic about the longer term outlook. Mr. Edwards argues that the Welsh economy has a strength and a diversity which was lacking in the past; that the number of American, European and Japanese companies operating successfully in Wales (some 15 per cent of the manufacturing labour force is employed in offshoots of foreign-owned companies) bears witness to Wales' investment attractions—once the severe short-term problems have been overcome.

This view is shared to a large extent by many industrialists. While there are specific criticisms and complaints about matters like high interest rates and the difficulties the strong pound is creating in export markets, the central thrust of the Government's policy is generally accepted. The view is that Wales has survived major industrial change before and can do so again.

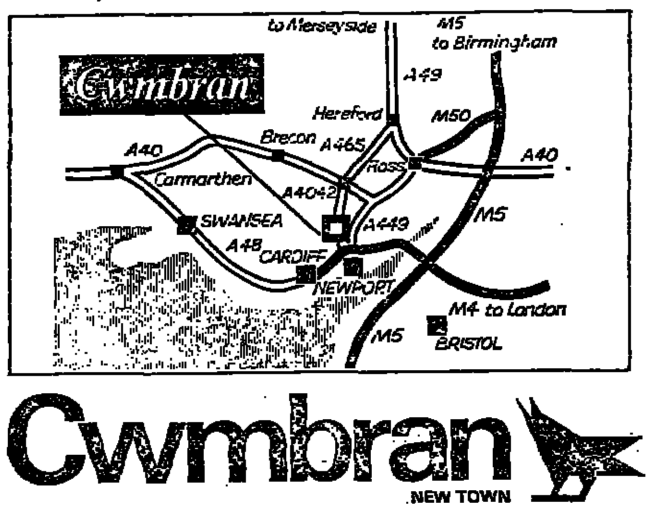
Certainly, despite the severity of the recession the level of enquiries for new factory space in Wales has been holding up remarkably well. So far this year 57 advance factories have already been formally allocated to tenants, providing 461,000 square feet and the promise of 2,450 new jobs. A further 69 units are provisionally allocated, with a total area of 525,000 square feet and a job potential *of 2,435.*

This is not as good as last year when a record 140 advance factories were let but it promises to top the 100 lettings achieved in 1978.

Overall, the Welsh Office insists that some 19,000 new manufacturing jobs are in the pipeline—a figure just boosted by 2,000 by the decision to locate the Inmos micro-chip production plant in South Wales. The designation of the lower Swansea valley as an "enterprise zone" should also prove an attraction to many new businesses.

But more will be needed to dissipate the widespread feeling that Wales is suffering disproportionately from the Government's policies.

**CONTENTS**






# WALES II

**Below is a profile by our Political Editor, Malcolm Rutherford, of the Secretary of State for Wales, Mr. Nicholas Edwards, who is proving a skilful advocate of the region's case for special treatment in today's harsh economic climate.**

# Businesslike approach to problem

MR. NICHOLAS EDWARDS, the Secretary of State for Wales, is one of the success stories of Mrs. Thatcher's Cabinet.

Mr. Edwards is among the first to admit that if he had not been Welsh he would almost certainly not be in the Cabinet at all—or at least not yet. Having arrived at the post, he seems certain to stay there no matter how well (or badly) he does. There is no other Conservative Welshman to touch him in the present Parliament, even though Mr. Edwards might have wider ambitions.

The Secretary of State has been so far politically lucky. He is Welsh by background but you would not automatically notice it. He does not speak the language but says he has an affinity for it. He was educated in England but did his national service in the Royal Welch Fusiliers. He went into politics from banking and insurance.

He had been active in local politics in London: the post of vice-chairman of the Baron's Court Conservative Association appears in an official note once put out about his career. But it was his own decision to go for a Welsh Parliamentary seat as a Welshman. He was selected as Tory candidate for Pembroke in 1968.

It was not a seat he could count on winning. Indeed Mr. Edwards is on record as saying that he regarded it as pretty hopeless. It was a question of putting up a good losing fight, and then deciding whether to seek a constituency elsewhere with better prospects.

The luck set in at the start. The sitting member for Pembroke was the dissident Labour man, the late Mr. Desmond Donnelly. Mr. Donnelly resigned from the Labour Party shortly after Mr. Edwards became the Tory candidate. He was still expected to hold the seat as an independent, but Mr. Edwards won in the election of 1970. It has remained a close-run thing ever since.

In the general election last year Mr. Edwards was regarded as one of the few members of the Conservative front bench who might not be returned to Parliament. Instead the distinction of front bench defeat went to Mr. Teddy Taylor, the shadow secretary of state for Scotland. Mr. Edwards increased his majority from 772 to over 7,000, but the seat will still have to be carefully watched.

There are not all that many Tory Welsh MPs. Mr. Edwards was appointed as one of the party's spokesmen on Welsh affairs in mid-1974—between the two general elections of that year. He became principal spokesman when Mrs. Thatcher won the leadership in 1975.

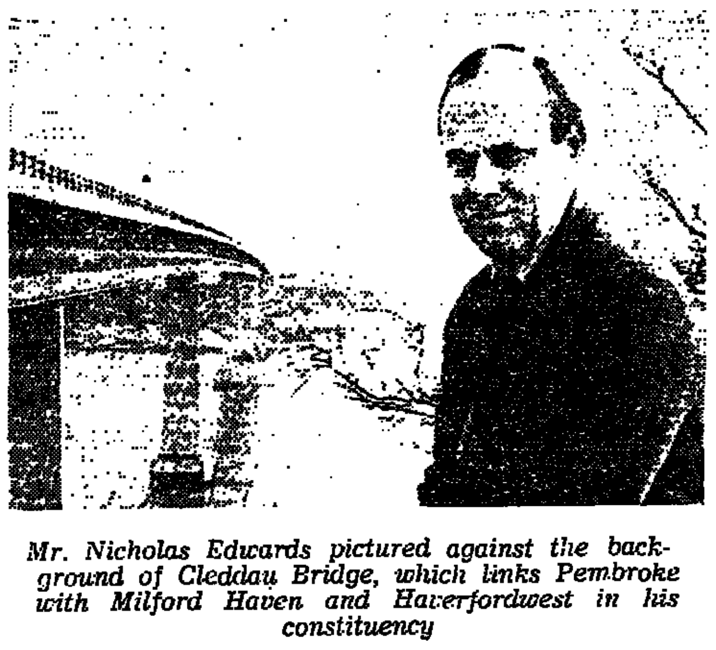
On the face of it he looks very like Mrs. Thatcher's man and in fact he was the only man whom she could have credibly appointed to the job. What has become marked since, however, is a certain independence and a certain toughness. Mr. Edwards would almost certainly agree with, if he knew about it, a remark by the late Iain Macleod concerning the economic thinking of Mr. Enoch Powell namely that he agreed with everything that Enoch said about the need to rely on market forces "except when it comes to regional policy." Mr. Edwards has become the arch exponent of regional policy in the present Cabinet. It is a matter of getting all the money possible for Welsh development.

## Confronted

It is not always easy to tell that if you listen to Welsh questions in the House of Commons. Mr. Edwards is almost invariably confronted by questions like: "What are the latest figures for unemployment in Wales and how many unemployed are under 25 years of age?" The strict answers are almost invariably dismal.

In the opposition censure debate last week, for example, Mr. James Callaghan, the Labour leader, spoke of something like 17,000 people seeking jobs in Glamorgan and Gwent and less than 100 advertised vacancies. Such statistics are being flung at the Secretary of State all the time, and they are getting worse.

What has happened is that Wales has become the front line for the Government's economic policies. That is not an entirely negative statement. It is the home of the old industries such as coal and steel. But it is also the hope for the new industries such as electronics. The problem is how to build up the new industries fast enough to replace the jobs lost in the old.



*Mr. Nicholas Edwards pictured against the background of Cleddau Bridge, which links Pembroke with Milford Haven and Haverfordwest in his constituency*

The Labour Government faced the same dilemma and Mr. Edwards is in many ways relying on the same solutions that Labour would offer now if it were still in office. Where he differs is that he actually believes in market forces. The coal and steel industries, he thinks, must be run down, and not indefinitely subsidised, if they have ceased to be competitive. Moreover, the basic decisions should be taken by the managements of the British Steel Corporation and the National Coal Board and not by government. In the meantime—and this is where he agrees with previous Labour Ministers—Wales must be cushioned by a regional policy.

The Secretary of State's most spectacular success so far concerns Inmos and the siting of its first British manufacturing plant in South Wales rather than Bristol. This may seem a small matter: it involves only about 2,000 new jobs over the next three or four years, which is peanuts compared with the run-down in coal and steel. But in fact it has taken up an unbelievable amount of the Government's time and the very principle of regional policy was at stake.

Inmos did not want to go to a development area and was not committed to do so under its original agreement with the Labour Government. The company argued that the sort of people it would need to employ would not wish to live in Wales, and it is almost certainly true that if the project had not been already started under Labour, the Conservatives would have had nothing to do with it.

There were times in the last few months when it looked as if the Government would refuse to back it any further. What it came down to was an argument over the site: the Government agreed to provide the money provided Inmos agreed to go to South Wales. Mr. Edwards was probably the key figure in the decision, having appealed directly and successfully to Mrs. Thatcher.

There are other examples of his persistence and powers of persuasion in Cabinet committees: the extra £48m in regional aid on the closing down of steel plants early this year and the maintenance of the Welsh road-building programme when expenditure on roads elsewhere is being cut back. There is also a marked enthusiasm for marrying public funds to private sector capital. Mr. Edwards announced with some pride last week that Norwich Union Insurance was joining the Welsh Development Agency in putting up money for advance factory building. In all those respects he is a model Minister.

## Similarities

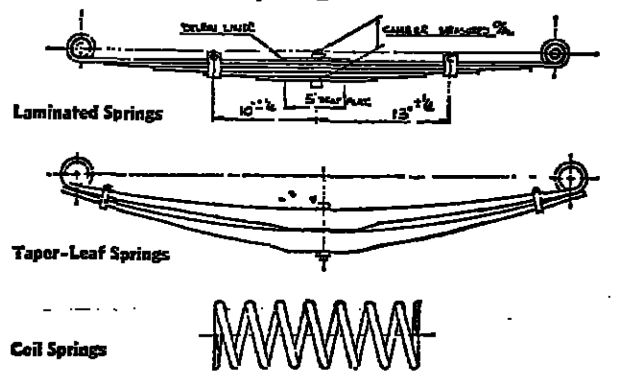
He remains, however, in the front line. Being Secretary of State for Wales is not quite like being Secretary of State for Northern Ireland, for obvious reasons. But there are similarities none the less. You are a little bit like a viceroy. You have to deal with a difficult province which always wants, and perhaps needs, more than can be given. Mr. Edwards is very conscious that more aid for Wales means less for, say, the North East of England. He would like it not to be that way, but he feels obliged to fight his corner.

There is also a touch of violence in Wales nowadays that could grow worse. Mr. Edwards's son was recently the object of a bomb plot whose perpetrators appeared to have learned from the IRA. Mr. Gwynfor Evans is threatening to fast unto death in the cause of having the fourth television channel in Wales primarily devoted to the Welsh language.

The Secretary of State views all these matters rationally, and tends to assume that almost everyone else is rational too. He is in favour of more Welsh language television, but not the subsidy that a Welsh fourth channel would require. Yet one has only to imagine what the world Press might do, with stories of Mr. Evans on his deathbed, coupled with reports of mass unemployment, to see there might be trouble ahead.

Meanwhile, Mr. Edwards sticks to his businesslike approach. He is the best Secretary of State that Wales could have under the present government, and perhaps under any other. It is rare to find anyone who does not think he is doing his best for the Principality. He has shown that he has considerable ability as well as luck. The problem is that in Wales even the best that can be done may not be regarded as good enough.








# Favoured base for Japanese groups

IT WAS just two and a half months ago that the Sony Corporation decided to break new ground by becoming the first Japanese company to begin manufacturing colour television tubes in Europe. It chose as the site for this new £10m investment its already well established factory at Bridgend, South Wales.

The extra 100 jobs the expansion is due to bring will of course be particularly welcome in the current economic climate. But perhaps more important is the renewed vote of confidence the expansion has given to the special relationship which has built up between Wales and Japanese manufacturing interest in recent years.

Wales can now fairly claim to have the largest concentration of Japanese manufacturing investment in the UK—perhaps even in Europe, though Ireland might quarrel over the latter title. Since the Takiron Chemical Company first pioneered the way by establishing a plant at Bedwas, north of Cardiff, in 1973 to manufacture translucent PVC sheeting, a total of seven Japanese-owned manufacturing companies have decided to put down roots in Wales.

## Combination

Sony arrived in Bridgend a year later to establish its first European television plant and very soon became a mecca for industrial journalists wishing to discover how the combination of Japanese management and Welsh (or British) working practices married up in practice.

The proof of the pudding is in the eating and in this instance in Sony's willingness to sink further capital into its Bridgend operation. Since the initial investment, a further £6m programme has been undertaken to expand output of television sets to 150,000 a year and also to provide new buildings for quality research and development work.

Its latest venture will double Sony's Bridgend investment. The new capital will go into building and equipping a 65,000 sq ft factory alongside the present plant and allow the substitution of domestically produced tubes for the Trinitron tubes which the company still imports from Japan.

Evidently encouraged by Sony's Welsh experience, Japan's biggest consumer electronics group, Matsushita Electric, decided to go into colour television production just outside Cardiff in 1976. Its growth has been even more rapid. Two years later the company, which sells under the National Panasonic and Technics labels, decided to expand into music centres and radio tuners, building a second factory on the Cardiff site.

Earlier this year it announced investment of a further £2m in a third factory alongside the existing two units with the aim of almost doubling output of colour television sets to 120,000 a year, mainly for export to West Germany, France and Italy.

Hitachi's arrival in Wales, on the other hand, was more tortuous. Although apparently anxious in 1977 to follow the path beaten by its television rivals to the Welsh valleys, the company was initially steered to the north of England. But before its plans were finally settled, a storm of protest had built up among existing UK manufacturers and the relevant trade unions at what they saw as a threat to capacity and employment in the UK-owned television industry.

Such was the outcry that Hitachi felt forced to abandon its plans, a rebuff which caused a great deal of consternation in Japanese business circles and, for a time, damaged efforts to attract other Japanese investment to Britain.

In December 1978, however, the affair was brought to a happy conclusion when Hitachi agreed to join forces with GEC and invest £2.75m in a joint venture to re-equip and modernise GEC's major television plant at Hirwaun, South Wales. Under the scheme, production of television sets at the plant is due to be gradually stepped up from 150,000 to 300,000 units a year, with a third of the production earmarked for export.

These three big Japanese names in the international audio-visual market have recently been joined by a fourth—Aiwa. After a thorough investigation, which almost resulted in the company going to Northern Ireland, Aiwa decided to site its first European manufacturing venture again in South Wales, near Abercarn, Gwent. The £2m investment will concentrate on the manufacture of miniaturised hi-fi systems to meet what the company sees as an important world market trend in the 1980s.

Given this impressive growth record it is hardly surprising that Wales should be welcoming Japanese investment — so warmly. Moreover, that the concentration of consumer electronics capacity is now reaching the point where it should have important spin-off benefits. An English company has already transferred to Cardiff to supply Sony with television cabinets and there is every prospect that other component suppliers will follow suit.

Completing the picture of Japanese investment in Wales to date are Sekisui and Hoya Lens. Sekisui established a plant at Merthyr Tydfil in 1978 to produce a unique form of polythene foam materials with particular insulating, shock-absorbing and sound-deadening properties which has a wide variety of applications in industry and the home.

## Laboratory

Hoya is the most recent arrival and the first to go to North Wales. It is opening a £1.8m manufacturing laboratory in Wrexham this month specialising in the supply of spectacle lenses to ophthalmic prescription. It plans to handle 300 prescriptions a day, building up to 1,000, providing eventually 100 jobs.

Until now Hoya has telexed prescription orders to Japan, and although these were fulfilled within 24 hours and airfreighted back, Customs clearance and postal delays have now made it essential for the company to open a UK processing facility.

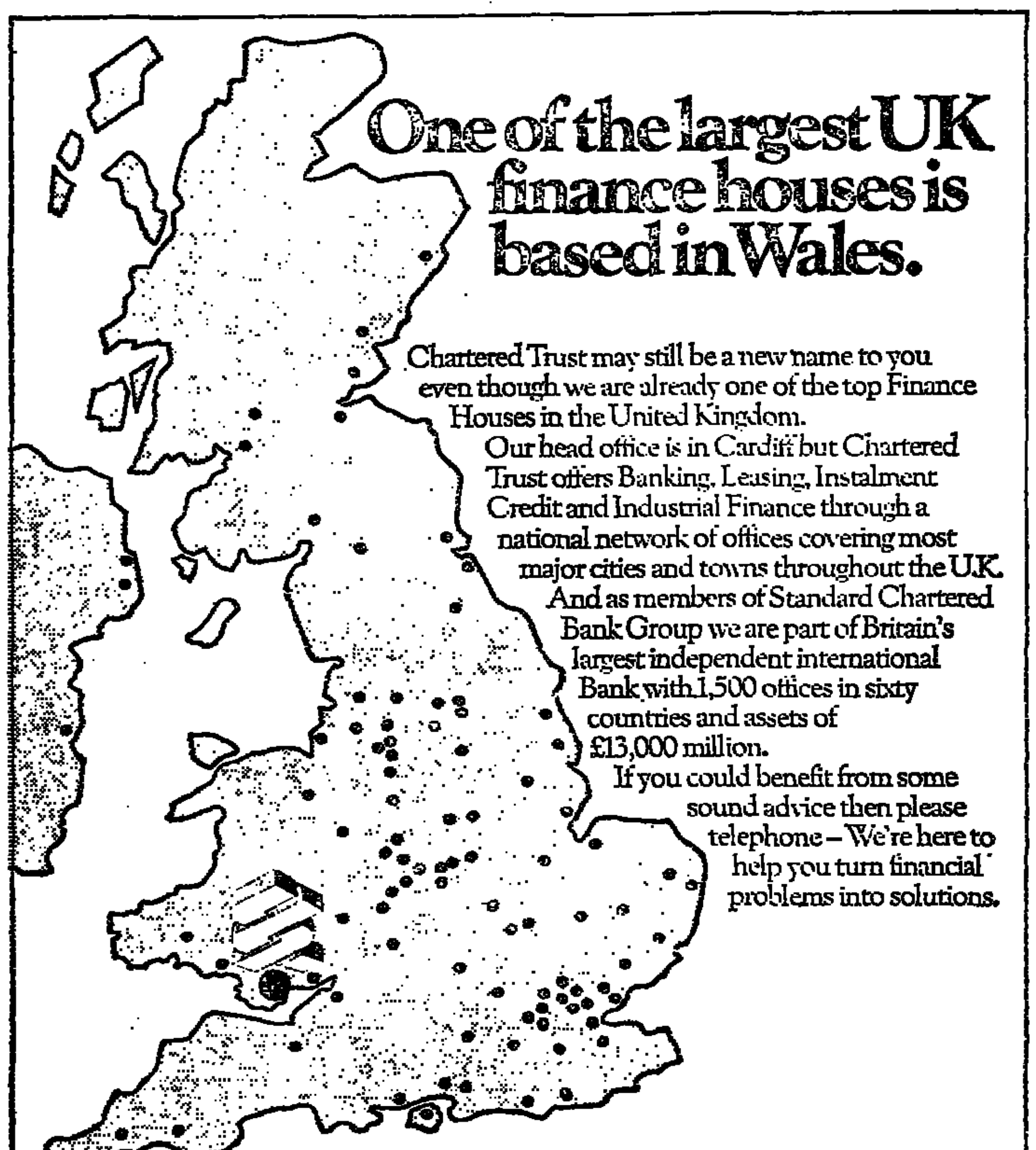
The Development Corporation for Wales, which is responsible for Wales's overseas industrial promotion and had the foresight to go to Japan in the early 1970s to explain the Principality's attractions, is confident more Japanese investment is on the way.

The Corporation's executives stress that Japanese companies are not prepared to be rushed by brash, hard-selling techniques and the Corporation's quiet low-profile approach was recently commended highly by Mr. Naraichi Fujiyama, Japan's Ambassador to Britain, during a recent visit to Wales to tour the Japanese companies there.

"I think you have displayed the right approach for Japan. We are not people who like to be hurried into decisions—we prefer the strength of consensus to the weakness of later argument," he said.

He predicted that Japanese overseas investment would approach $60bn by 1985, more than double its present level. If recent experience is anything to go by, Wales should get a disproportionate share, helping to disperse the difficulties that have descended on other sectors of the economy.

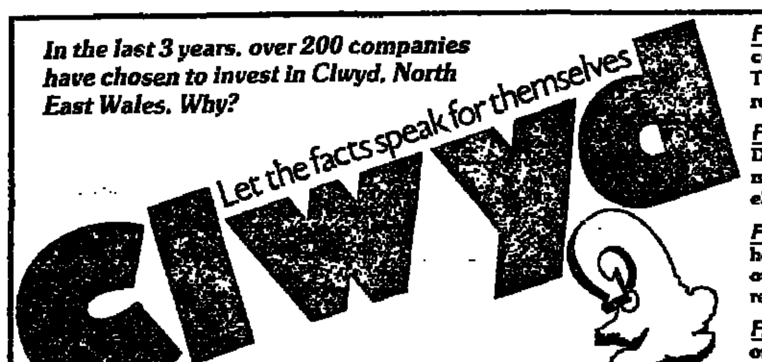
**Robin Reeves**











# Economy shaken to its foundations

BY ALL conventional British standards the immediate economic outlook for Wales is bleak. The Government's monetarist strategy combined with the deepening trade recession are already shaking Wales to its economic foundations and the full effects have still to be felt.

The most prominent victim of the new abrasive economic climate is the Welsh steel industry. Although in decline as a major source of employment throughout the 1970s, the industry in the past 12 months has witnessed a dramatic worsening of its fortunes.

In North Wales the end of iron and steel making at Shotton has caused the loss of more than 7,000 jobs at the Deeside plant. In South Wales some 11,000 steelworkers' jobs are in the process of being phased out at the giant Port Talbot and Llanwern steelworks as the British Steel Corporation (BSC) struggles to re-establish viability by halving South Wales sheet steel output to 2.8m tonnes. Adding in consequential job losses at other smaller steel processing plants, something over 20,000 Welsh steel jobs are disappearing this year—approaching half the number employed in the nationalised sector of the industry.

There may be more to come. At the beginning of the year BSC decided to try to keep both major South Wales plants in play by running each at 40 per cent of capacity, producing 1.4m tonnes apiece, with a slimmed workforce. As the recession deepens, however, this arrangement is looking increasingly untenable, and the possibility either Llanwern or Port Talbot, or even both, closing is being mooted, meaning a further 5,000 or 10,000 direct redundancies.

Shutdown of Llanwern would add dramatically to the problems created by the steel rundown for the other traditional pillar of the Welsh economy—the coal industry.

The cutback in steel output, plus BSC's decision to rely entirely on imported coking coal at Port Talbot, has already reduced the market for Welsh coking coal by around 1.7m tonnes. Llanwern's demise would reduce the offtake by a further 1.4m tonnes.

As this picture began to emerge last winter the National Coal Board warned locally that the result could be the closure of up to 20 of the remaining 35 South Wales collieries and the loss of as many as 15,000 of the 26,000 miners' jobs. It threw into chaos a strategy for gradually eliminating the coalfields' losses over the next five years by gradually running down some pits and expanding others, including the sinking of a major new coking coal pit at Margam.

## Offtake

The impact has so far been masked by a better-than-expected offtake by the power supply industry and the NCB's decision to make £22m available from its own resources in the current year to subsidise its coking coal price down to the cheaper imported level. But unless there is a radical change of policy, a round of colliery closures with attendant redundancies looks inevitable.

The NCB has already announced its intention to close one pit—Tymawr Lewis Merthyr in the Rhondda—and up to 11 others are under special examination. Welsh miners' leaders are understandably convinced this is a prelude to further closure announcements and are refusing to co-operate with the NCB's joint examination machinery.

The NCB's Welsh problems have been further exacerbated by the refusal of the Government to put up to £36m required to modernise the Aberaman smokeless fuel plant in the Cynon Valley. The Board is urgently exploring other methods of financing, but if it is forced to run down the plant, this will also threaten the future of five steam coal pits in the area which supply the bulk of their output to the plant.

The cutbacks in these two basic industries, actual and prospective, illustrate the consequences of current economic policies at their starkest. But Wales has also been no less immune than other parts of the UK from the difficulties besetting other sectors of industry.

Over the past two to three months hardly a day seems to have passed without an announcement of redundancies and/or short-time working over a wide spectrum of Welsh companies. Job losses in textiles have featured prominently, as have those in the extensive motor components sector.

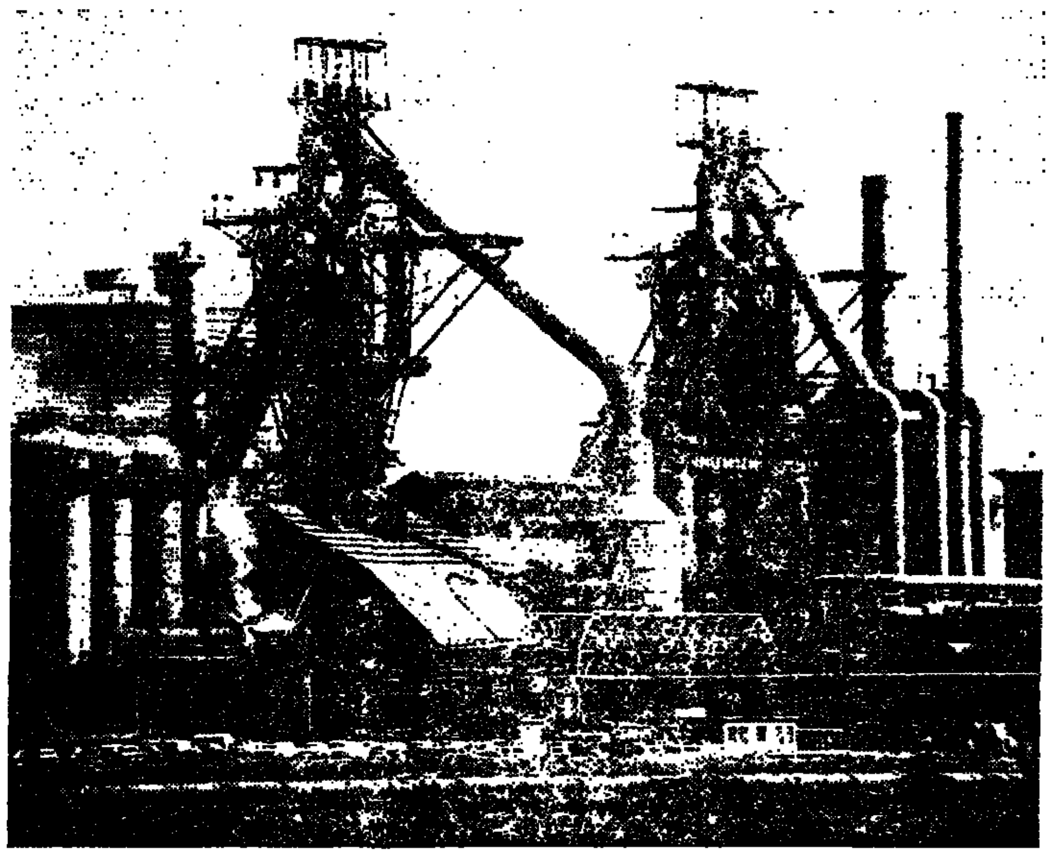
But few industries appear immune. One sign of the times is that the Ford Motor Company is planning to limit recruitment at its new £180m European engine plant at Bridgend to 1,800 workers. When the project was first announced three years ago—and described as the investment catch of the decade—it promised at least 2,500 jobs.

Again, a number of major construction projects are nearing completion and there is nothing to replace the employment they have created.

This is notably true of North West Wales, where the rundown of the (locally recruited) workforce on the giant Dinorwic electricity pump storage scheme and the completion of the Britannia Bridge road crossing over the Menai Strait, as well as other public works, are coinciding with closures and redundancies in the area's limited amount of manufacturing industry.

Another factor is that where the population of working age is expanding the economic climate makes its increasingly difficult to find school-leavers even temporary employment. The Manpower Services Commission is experiencing difficulty in finding sufficient sponsors for its job creation programmes.

It is also hard to see how local authorities—an important source of employment in many parts of Wales—can put off reducing their manpower for very much longer, as public expenditure restraint bites into their budgets.



*Blast furnaces at Shotton—now silent memorials to the collapse of Welsh steelmaking*

A recent study of the employment outlook in Wales by University College, Bangor, suggested that in two years time, assuming no changes of policy, the number of Welsh jobless could reach 172,000 or 14 per cent of the Welsh working population, out of a UK total of 2.4m, or 10 per cent of the national workforce. The rate would vary from nearly 20 per cent in North East Wales to 13 per cent in South Wales and 12 per cent in rural areas.

Forecasts can be wrong, of course, as Conservative Ministers and others have been quick to point out. Industrial closures during the 1970s often did not produce the unemployment levels predicted. On the other hand the level of unemployment now appears to be rising rather faster than predicted.

The study also pointed out that it would become increasingly difficult to direct industry from areas of high unemployment in, say, the Midlands to areas of even higher unemployment in Wales by means of an active regional policy.

The House of Commons Select Committee on Welsh affairs, however, is optimistic that if the Government recognises the scale of the problem and strengthens its regional development policy instruments, the present serious employment difficulties can be contained. Noting the good demand for advance factories generated by the Welsh Development Agency in recent years, it urges factory building contracts be also placed with the private construction sector and local authorities.

The committee also calls for selective Government financial aid to cushion employers in difficulties because of the recession. The main body of the proposals are now being studied by the Government.

The latter has already injected one ray of sunshine into the present gloom by (a) establishing an "enterprise zone" near Swansea where incoming companies will be free of a number of administrative and financial burdens and (b) steering the Inmos micro-chip production plant into South Wales. Not only will Inmos provide 2,000 direct jobs, it will strengthen the region's hand in its efforts to establish electronics and other new growth industries to replace the old and now rapidly declining traditional sources of employment.

**Robin Reeves**



# Shotton closure a heavy blow to Clwyd

AT THE Shotton works of British Steel Corporation (BSC) in North Wales the huge blast furnaces now stand silent following the closure of steelmaking earlier this year. A new finishing complex at the plant is being retained and is being fed with steel from Ravenscraig in Scotland. But some 7,000 jobs out of the total of 10,000 at Shotton, the most important industrial employer in North Wales, have been wiped out.

The closure is the industrial blow which the county of Clwyd was hoping not much more than a year ago would not happen, or would at least be phased in with the provision of new jobs. The half-completed factories and roads and the empty sites on the industrial estates now being developed around Shotton testify yet again, however, to the speed with which industrial change has overtaken the county, and to the failure of successive governments to plan adequately for it.

As late as last year Sir Charles Villiers, BSC's chairman at the time, was promising that Shotton's future would not be reviewed until 1982, allowing the possibility that alternative developments could be steered to Deeside to balance any closure in the mid-1980s.

## Unemployment

BSC's inability to keep to this timetable is now reflected in the county's latest unemployment statistics. There are 18,285 out of work in the county, or 14 per cent of the workforce. In Deeside itself unemployment stands at 16.6 per cent, and in Flint, which has also been hit by textile industry closures, the male unemployment rate is 33 per cent and the female 17 per cent.

The full impact on the community, moreover, has yet to be felt. In return for breaking its pledge to Shotton BSC has paid very generous redundancy money, and this is still finding its way into the community through local shops. These funds are likely to dry up eventually, however, and this could bring a further round of redundancies in the service industries supported by local spending power.

Yet, as experience over recent years has shown, given the necessary time and assistance Clwyd perhaps more than many other older industrial areas is capable of attracting and sustaining new industry, so that with greater notice even the loss of Shotton would possibly have been accommodated without the hardship that will now result. The county occupies a position as the north-eastern gateway to Wales and its relatively small population—less than 400,000 and settled mainly in small towns—has proved attractive to industrialists anxious to avoid the problems associated with big cities. On top of this the workforce, because of the tradition of coal and steel employment, tends to be multi-shift working, and has an enviably good labour relations record.

One of the most recent companies to move in is Continental Can of the U.S. which is already employing around 200 in a new plant in Wrexham that will begin supplying cans to the soft drinks industry in a few weeks' time. A third line is being installed already at the £25m plant to supply the beer trade and is due to start up next spring.

At the Deeside industrial park where sites have been developed by BSC (Industry)—the Corporation's job-finding agency — another American group, Dexter Midland, has begun production this year of industrial coatings in a 45,000 sq ft unit. The company will supply coatings to soft drink and beer can makers in the UK—a market previously handled by Dexter's French subsidiary. The plant is also making coatings for industrial claddings.

At Wrexham the independent truck maker ERF is to set up a new production facility on a 33-acre former colliery site which is being reclaimed with funds provided by the Welsh Development Agency. The project is to cost £10m, with half the funds being provided in the form of loan facilities by the European Coal and Steel Community. When completed the plant is expected to employ 400, probably producing vehicles in the 16-24 tonne range. Elsewhere in the county Hotpoint, the GEC subsidiary, is developing a new site for the manufacture of washing machines at Rhyl which could result in a further 600 jobs, and Hoya, the Japanese optical group, is to site its first UK production venture at Wrexham.

## Strength

The area is also benefiting from the current strength in demand for aerospace equipment, and a number of new jobs may as a result be created at British Aerospace's Broughton factory. The plant is responsible for assembly of the eight-seat HS-125 executive jet, sales of which now total 196 including 138 in the current version. Production is currently running at three a month, with well over half of total sales going to the U.S.

The Broughton factory is also responsible for assembly of the wings for the European Airbus and has so far supplied more than 134 sets to the French factory where final assembly takes place. With orders and options for the A300 and its smaller variant the A310 now standing at 415, production of wings is being increased to eight a month, and new jigs have recently been commissioned.

Another major project in the county for which the go-ahead is now being sought from the Government is the construction by the National Coal Board of two pilot plants for coal gasification at a cost of £55m. The plants at Point of Ayr, one of only two remaining collieries in North Wales will test two different methods for producing up to 10 tonnes a day of oil and chemical feedstocks from a feed of 25 tonnes of coal.

Yet while the county has managed to attract substantial new investment this has again been offset at least in part by rationalisation in existing industries apart from steel, as companies struggle to cope with the effects of a strong pound, high inflation and declining domestic and overseas markets.

Thus Courtaulds has recently added a further 300 to the already large number of jobs it has cut over recent years at plants in the area—at once time a major viscose production centre. The engineering group GKN has cut the labour force at its Brymbo steel-works, and Rubery Owen has shut a factory making office equipment with the loss of 100 jobs. The collapse of Bamfield, the agricultural engineering group, has brought about 100 redundancies at Mold and rationalisation by Chance-Pilkington, optical glass manufacturers, at St. Asaph has again cost 200 jobs.

For Clwyd, as for other parts of Wales, it has sadly become necessary to run faster every year merely to stand still.

**Rhys David**

# Initiatives in rural areas

ONE OF the more imaginative strokes of the last Labour Government was to establish the Development Board for Rural Wales (DBRW). At the time it appeared a curious innovation. The Welsh Development Agency was already established, with seemingly ample resources to tackle the problems of rural as well as industrial Wales. With the wisdom of hindsight however, it is quite quite clear that had they been left to a Wales-wide organisation in Cardiff, the particular problems of mid-Wales would never have received the concentrated and enlightened attention they have enjoyed since the Board got into ints strid.

The DBRW's area of operation is larg, accounting for some 40 per cent of the land area of Wales. But it contains less than 200,000 people, or under 8 per cent of the population, scattered among the hills and mountains of the region in small towns, villages and hamlets. The Board's appointed task is to counter depopulation and encourage repopulation.

Mid-Wales actually has a lower population today than at the turn of the century, even though the overall population of England and Wales has gone up by some 40 per cent over the same period. Quite apart from the social and cultural damage which this has created, there is also an economic cost arising from the need to maintain esential services for fewer and fewer people.

Administratively, the DBRW brought together into a single organisation the mid-Wales Industrial Development Association — a body mainly financed by local authorities which since 1957 and with very meagre resources had been slowly tempting light industry into the area — the mid-Wales Development Corporation, which was essentially charged with expanding Newtown, and the activities within the region of the Council for Small Industries in Rural Areas (COSIRA).

Operating from headquarters in Newtown, Powys, with a governing board of 30 locally recruited members and a full-time staff of 50 sympathetic to the problems of rural areas, the DBRW has already made a very significant impact in the short space of three years.

On the bread-and-butter business of attracting new manufacturing enterprises, it got off to a flying start by letting within the first 12 months, all 36 empty factory premises which it had inherited.

*Tourism is one area of considerable development potential, especially in the more active forms of recreation such as the pony-trekking pictured here in the Black Mountains of Powys*

The same high level of uptake was maintained the following year and in the financial year ended last March, no fewer than six companies were persuaded to establish themselves in the region in DBRW advance factory units.

The number of new jobs created is not large by conventional standards. Around 750 should result from last year's lettings in units ranging from 20,000 down to only 500 sq ft at selected towns in the region. But they are enough to make a significant difference to communities where employment opportunities are scarce, forcing the younger and often more able to move away in search of work.

## Carefully

But the straight statistics hide the professionalism which has gone into "marketing the product." Advertising and promotion have been carefully targetted to catch both the inner city and railway arch refugee company in need of fresh air and a stable labour force and the entrepreneur with a good business idea but little capital. Groups of businessmen have been flown in for the day to see for themselves what is on offer and given the opportunity to discuss the pluses and minuses of running a business in the heart of mid-Wales with people who are actually doing it.

Dr. Ian Skewis, the Board's chief executive, has also made the concept of "one-stop shopping" an article of faith in dealing with its potential "customer." The Board not only ensures that the incomer meets all the people required for the successful establishment of a venture but also guarantees an "after-sales" service. This includes a business advice service to help companies with costings, financial control, design, packaging and sales; business seminars and training courses for managers and senior secretaries; direct selling events to market the products of mid-Wales companies and many other forms of marketing promotion.

This comprehensive approach has, moreover, been widely appreciated. An informal survey of the business allocated factories in the past three years emphasised the Board's services as one of the "good things" about mid-Wales, even though it was not on the list.

The Board has also set out to breed is own entrepreneurs. Intensive courses in association with the Manchester Business School on how to start and run a business have been held and at the last count 25 new enterprises had started or expanded as a result.

It has also launched a schools industry programme, designed to make pupils, teachers and parents aware that mid-Wales is changing and that industry and business now offers real opportunities for careers in the area. Interestingly enough, a survey of sixth formers showed that over 70 per cent regarded mid-Wales as a desirable place to live and would remain in the region if the jobs were available.

This is the kind of approach which the present Government would presumably heartily endorse. In the circumstances it is ironic that the Board is having to cut back because of a sharp reduction in its operating budget. Whereas last year it was able to spend over £8.6m, this year it is having to make do with only £6m — to the particular detriment of it, unique strength as an economic development agency, the facility to build and rent houses.

The offer of a house for a skilled worker as well as a factory unit has turned out to be an invaluable incentive. Indeed there have been instances of new businesses coming to mid-Wales simply because this facility enabled the entrepreneur to sell up his house to raise the necessary capital.

On top of this setback the Government is also in the process of descheduling a large part of the Board's operating area for regional development grant purposes. As a result of protests it has agreed to review the position next year. But the fear remains that the momentum generated — the population is beginning to rise again — will peter out even though the number of jobs being attracted to mid-Wales and the costs involved are a drop in the ocean from the national point of view.

Apart from seeking inward investment, the Board has also initiated detailed examination of some of the region's indigenous resources to see if they can be harnessed to the benefit of the local economy.

## Launching

Early on it established that the tourist giftware market was worth at least £7m a year but was being supplied largely from outside. Its efforts to mobilise this asset to the greater benefit of the region include the launching of a £5,000 giftware design competition, the winner of which is now going into production in a Board factory at Lampeter.

Two new sawmills are being established as a direct result of the regions's extensive forestry resources. The Welshpool Timber Company is already in business and Western Softwoods is nearing completion of a new mill at Newbridge-on-Wye which will provide 150 jobs.

Moves are afoot the revive the Cardigan Bay fisheries, following successful fishing trials and marketing studies. The Board has already grant-aided an ice freezer plant at Barmouth which is proving of tremendous benefit. Other plans include construction of a sorely needed storm refuge breakwater in Cardigan Bay.

An ambitious scheme to develop an "ethnic" knitwear industry in the district of Cardigan is also well advanced. This, when operational, is expected to provide 250 to 300 jobs in knitting and finishing.

The Board has also not neglected the tourist potential. A joint examination is underway with the Wales Tourist Board of the potential for new hotels, possibly established on a build and lease basis.

Beyond its straight economic function, the Board has also played a useful role in improving social amenities. It has grant-aided the building of swimming pools, floodlighting of soccer grounds, television relay boosters for small communities and other small but deserving projects, including even a pop concert. These things are important because they lift the range of amenities available in mid-Wales to a level now taken for granted in urban areas.

In its latest initiative, the Board has decided to adopt a more integrated approach by focussing on 25 villages of varying size and distance from towns to see if there are not a series of small practical measures which can be taken to tackle the problem of village decline. Starting with public meetings in each village, the Board's officers are already generating a positive response in the communities concerned.

Dr. Skewis does not expect quick spectacular results. The Board's initial studies suggest there is not a main problem but a number of individual village problems. Even so, it is an approach which could eventually have lessons for rural communities everywhere.

**R.R.**



**PROFILE: LION LABORATORIES**

# Pioneer in breath analysis

TUCKED AWAY in the back streets of Cardiff is a home-grown Welsh company whose product is a great deal more famous than its name. Lion Laboratories designs and manufactures that bane of the irresponsible drinking motorist—the breathalyser.

In the short space of 13 years it has built up from an idea into a high technology company which vividly illustrates the potential benefits of close liaison between academia and industry.

The company's advances in electro-chemical measuring equipment have just been recognised by the grant of the Queen's Award for Technology. Its export performance this year earned the British Chambers of Commerce export award for smaller manufacturers—one of only five companies to do so. Its products are now being sold in more than 50 countries. But this success is based very much on research and development work carried out by the University of Wales Institute of Science and Technology in Cardiff.

Lion Laborateries was the brainchild of the late Mr. W. C. Ducie, an engineer with the Welsh Hospitals Board who, as the Government moved to tighten the drink and driving laws in the mid-1960s, saw there would be a market for an alcohol detection device.

The only breathalyser being developed at the time was by a Germany company, Draeger in Lubeck, whose device was based on the reaction between potassium dichromate and alcohol.

Looking around for a chemist, Mr. Ducie found Dr. Tom Jones, a lecturer at Uwist who was studying chromium compounds at the time. The two got together in their spare time to design what became known as the Alcolyser.

The design was offered to a number of companies but none was interested, so the two men eventually decided to go into production themselves in primitive premises near Cardiff Prison, with the help of five friends who each put up about £2,000 capital.

As it happened, the Lion Laboratories product was too late to be approved for use in the UK. The police were issued with the German-made model. Undeterred, however, Dr. Jones joined a sales mission to the U.S. where he met a representative of Intoximeter Inc., based in St. Louis, which supplied equipment to U.S. police forces.

## Upshot

The upshot was that the two companies became each other's agent and Lion Laboratories was able to get off the ground on the strength of the orders it subsequently received from the States. Marketing agents were appointed in a number of countries, notably in Scandinavia and in France, and the order book steadily expanded.

By this time Dr. Jones, who was continuing his lecturing as well as running the company in his spare time, had become interested in the whole problem of breath analysis. In 1973 one of his research students at Uwist came across reference to a fuel cell which had been developed in Innsbruck University for gas chromatographics analysis of alcohols and aldehydes.

This fuel cell, radically redesigned and miniaturised, is now the basis of Lion Laboratories' revolutionary new form of alcoholic breathalyser which is currently undergoing operational trials with the police forces of Sussex and West Yorkshire. Instead of a bag with crystals, capable of being used only once, the new breathalyser can be used many times over.

It has become a highly sophisticated electro-chemical detection instrument with three external lights, showing the amount that alcohol in the breath is either over or under the limit or not present at all.

An even more sophisticated version has just been developed with a microprocessor which gives an automatic print-out. This is now being evaluated by the Home Office to see if it might be used as admissible evidence.

Even today the breathalyser is only used in the UK essentially as a screening device. Prosecution also requires a blood or urine sample. But in many other countries the new generation breathalyser reading is regarded as hard evidence.

But law enforcement authorities are not the only beneficiaries. There are invaluable applications for alcohol detection instrumentation in research laboratories and hospitals. A rapid and simple indication of alcohol level can affect the kind of treatment given, for example, to people brought into casualty departments.

In collaboration with Ciba-Geigy, the Swiss pharmaceutical group, Lion Laboratories has also developed an equally sophisticated detection instrument for formaldehyde, an organic chemical used in a wide variety of industrial processes with an unpleasant odour and possibly dangerous to breathe. The odour can sometimes be released subsequently by the finished product—the resins in cavity wall insulation are a notable problem—but is difficult to locate. The Foraldemeter has made the job of tracking down the source of the problem a great deal easier and less expensive

The company is now exploring the extent to which its electrochemical technology can be adapted to other uses. One obvious application is brewing, where Lion Laboratories equipment techniques could be used to monitor alcohol content while the beer is being brewed, instead of by samples transferred to a laboratory.

BSC (Industry), the Steel Corporation's jobs diversification arm—necessarily active in South Wales at the present time—has funded a study by PA Management Consultants into the most likely areas of new application.

But having come so far on its own initiative, Lion Laboratories is by no means leaving future initiatives to others. The link with Uwist remains as strong as ever and six post-graduate research jobs and facilities to explore other possible applications for the fuel cell are being funded by the company. It is an example which perhaps many more companies might follow.

**R.R.**

# APPOINTMENTS

## New chairman for Camrex

CAMREX (HOLDINGS) has appointed Mr. Stanley J. Clarke chairman. A non-executive director of Camrex since the beginning of 1979, Mr. Clarke is also a director of Smith and Nephew associated companies. Mr. Roger Wake has resigned as chairman of the Group, due to ill-health, but will continue as a non-executive director.

★

Mr. David Davis has become divisional managing director of TATE AND LYLE TRANSPORT following the retirement of Mr. Leslie E. Fenn.

ROBT. BRADFORD (HOLDINGS) has appointed Mr. P. A. Cannon, Mr. J. A. G. Stonehouse directors.

★

Mr. Jack Bryant has been appointed deputy director of the TAX PAYERS' SOCIETY (formerly the Income Tax Payers' Society).

★

Mr. Albert Wilson has been appointed a director of THOMAS WITTER. He is sales director of British Hydroflex, a subsidiary.

★

Mr. Aidan Breen has been appointed general marketing manager of the MANCHESTER GUARDIAN SOCIETY, a trade protection and credit assessment organisation. He was formerly managing director of Dalton Poultry, Accrington.

★

Mr. R. B. Botcherby has been appointed general manager, of the new branch in London, of BANCO ESPIRITO SANTO E COMERCIAL DE LISBOA.

★

STENHOUSE REED SHAW (UNDERWRITING AGENCIES) states that Mr. Denis G. S. Loudon has retired as underwriter of Lloyd's marine syndicate No. 34, having served in that capacity since the syndicate commenced 24 years ago. Mr. Tim K. Harding has been appointed his successor.

★

BAIN DAWES AND PARTNERS, the life and pensions and financial consultancy company within the Bain Dawes Group, has made the following appointments: Mr. Bob Newman, formerly managing director, has been appointed chief executive and Mr. Frank Robinson in the Leeds office has been appointed a director. Bain Dawes Credit, a subsidiary of Bain Dawes Ltd., has made the following appointments: Mr. Graham Vere Nicoll has become managing director and Mr. Tommy Butcher deputy chairman pending his retirement in March next year. Mr. David Moran has become a director responsible for the company's activities in the north of England. Mr. John McDonald joins as an associate director from Trade Indemnity.

★

H. CLARKSON INSURANCE GROUP has made the following appointments: Mr. John Farrar has been appointed company secretary to H. Clarkson (UK) and Mr. Nigel Cunniffe has been appointed to the Board of Clarkson Holt.

★

Mr. W. R. Martin has been appointed to the Board of WIMPEY CONSTRUCTION UK with responsibility for the special projects unit encompassing a wide range of projects carried out under alternative contracting arrangements.

★

Mr. Martin G. Brown has been appointed managing director of MYSON BROOKS, a member of the Myson Group.

★

Sir Alastair Down has succeeded Sir Richard Dobson as chairman of the BRITISH-NORTH AMERICAN RESEARCH ASSOCIATION and as co-chairman of the BRITISH-NORTH AMERICAN COMMITTEE. Mr. John Du Cane and Mr. Patrick M. Meaney have been appointed to the Council of the Association.

★

Mr. Derek F. Stratton has been appointed managing director of T. WILLIAMS (DROP FORGINGS AND TOOLS), a member of the Eva Industries Group.

★

Mr. Iain C. Stewart Hunter has been appointed vice president of MOSELEY HALLGARTEN ESTABROOK AND WEEDEN INC., members of the New York Stock Exchange.

★

Mr. A. Moore retires from the Board of PEARL ASSURANCE on August 31. Mr. J. Holcroft, assistant general manager (field operations), who will retire from executive service on the same date, becomes a non-executive director of the company from September 1.





# INSURANCE

## EEC directive less than clear

BY OUR INSURANCE CORRESPONDENT

JUNE 2 should be marked as a day of historic importance in EEC insurance annals, because on that day the Coinsurance Directive came into force.

Coinsurance is the means by which two or more insurers participate for agreed proportions in one risk. However, even for those most closely concerned with arranging insurances across frontiers, the day itself probably passed unremarked, and even two months later few insurers can be found who have written lines on EEC coinsurance contracts.

The directive, unfortunately, is less than clear in certain aspects, and in due course must surely be subjected to scrutiny in the courts. Ultimately the European Court may have to give rulings.

Fundamental to the operation of the directive is Article 1 which deals with applicability. In the first place it itemises those non-life classes of business which are potentially coinsurable. Then it goes on to define risks within the scope of the directive as risks "which by reason of their nature or size call for the participation of several insurers for their coverage."

Over the years insurance and government experts have tried in vain to reach a consensus on "nature on size." They have failed even to establish guidelines.

Obviously the risk with a multi-million potential is one that falls within the definition, but where is the bottom line to be drawn? British insurers reckon that some European countries will establish minimum values below which risks are ineligible for coinsurance.

Article 2 rules that the risk to be coinsured must be situate within the EEC—so the directive is not applicable to much of British insurers' overseas business. In simple terms, at least two insurers from two different member states must be involved.

It seems that this part of the article will not be satisfied if a main insurer also participates in a risk through a subsidiary in another country—this will not be "by two or more insurance undertakings."

Coinsurance practice demands a "leading" insurer and following insurers. It was long argued in Brussels that the leading insurer should be authorised in the country where the risk is situated. This was the protection viewpoint particularly of the French and Germans, and strongly opposed by Britain.

Article 2 has not resolved this argument. The British view is that so long as the leading insurer is authorised in some member state of the EEC, that insurer can lead a coinsurance within the directive. Most of the Europeans still hold to the situation of risk view, though here they are at odds with the European Commission. Recourse to the courts may be the only way clarification can be achieved.

Another problem area is, what law governs the coinsurance? Along the drafting line there were specific rules proposed on choice of law, but these fell by the wayside because of prolonged disagreement. It seems clear that the parties to a coinsurance contract can agree, if they wish, that the contract shall be interpreted according to English law, and certainly UK insurers will aim to do business this way.

Such a clause will be effective so long as any dispute is brought to the English courts. But what will happen, if by some quirk of fate, an action is commenced in France? French courts, applying French private international law rules, will say that the situation of the risk insured must control the law of the contract. Thus if the risk is situated in France they will doubtless ignore the English law provision and apply French law.

These are but some of the grey areas. It is one step forward to have the directive in force but many more steps are required before certainty is achieved.

## WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerne are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Ropner, 140, Coniscliffe Rd., Darlington, 12.00

BOARD MEETINGS—
Finals:
AAH
Ellis and Everard
Gnome Photographic Products
Jacksons Bourne End
Owen and Robinson
Smith Whitworth
Interim:
Rock Darham

DIVIDEND & INTEREST PAYMENTS—
Allied Breweries 3p
Amber Industrial 2.5p
Anglia Television NV A Ord. 2p
Banco de Bogota Finance Corp. US$74.58
Booth (John) (Bolton) Ord. Units 1p
British Cinematograph Theatres 2.1p
Brunner Inv. Tst. Ord. Units 1.225p
Caledonia Invests. Ord. Units 7p
Coalite 2.56p
Exchequer 9½pc 1981 4¾pc
General Cons. Inv. Tst. 2.25p
Hambro (£10 with £2½ paid) 112.5p. (25p F.P.) 11.25, A 2.1p
Hardys and Hansons 3.1p
Highams 2.779p
Hill (Philip) Inv. Tst. 4.28p
Hill Samuel 4.018p
Hulett's Corp. 17.66594p
Huntingdon and Peterborough County 9½pc 1981-83 4¾pc
Johnson Matthey 12p
MK Electric 7p
Norcros 3.56p
Serck 1.2p
Staveley 8.5p

TOMORROW

COMPANY MEETINGS—
Bristol Evening Post, Temple Way Bristol, 12.00
Country Gentlemen's Assn., Icknield Way West, Letchworth, Herts., 12.15
Stead and Simpson, Fosse Way, Syston, Leicester, 12.00
Sutcliffe, Speakman Midland Hotel, Peter St., Manchester, 12.30
Swire (John), Regis House, 43-46, King William St. EC, 12.00
Turnbull Scott, Ironmongers Hall, Barbican, EC, 12.00

BOARD MEETINGS—
Finals:
Centreway
Cowan De Groot
FMC
Hambro Trust
Hillards
Norton (W. E.)
Rotaprint (Amended)
Unitech
Interims:
Davies and Metcalfe
Rentokil
Taylor Woodrow

DIVIDEND & INTEREST PAYMENTS—
British Inv. Tst. Deb. 2pc
Continuous Stationery 3.4p
Country Gentlemen's Assn. 20p
Doornfontein Gold Mining 55.38971p
East Driefontein Gold Mining 66.4675p
Kloof Gold Mining 132.9353p
Libanon Gold 83.08456p
St. George's Laundry (Worcester) 0.84p
Scotcros Ln. 3pc
Scottish Northern Inv. Tst. 4¼pcPf. 1.6625pc
Turnbull Scott Ord. and A 3p
Venterspost Gold 74.77611p
Vlakfontein Gold Mining 3.68747p
West Driefontein Gold 470.81253p

WEDNESDAY, AUGUST 6

COMPANY MEETINGS—
British Tar Products, Cafe Royal, 68, Regent St., W., 12.00
Fuller Smith and Turner Griffith Brewery, Chiswick, W. 11.00
Heywood Williams, George Hotel, St. George's Sq., Huddersfield, Yorkshire 11.30
Mountview Estates, Russell Hotel, Russell Sq., WC, 12.00
Powell Duffryn, Dorchester Hotel, Park Lane, W. 12.00
Regalian Props, Cumberland Hotel, Marble Arch W. 3.00
Warnford Investments, Chartered Insurance Institute, 20, Aldermanbury EC, 3.00

BOARD MEETINGS—
Finals:
Benn Brothers
City of London Brewery and Inv. Tst.
Garford-Lilley Industries
Waring and Gillow
Interims:
Aaronson Brothers
Aquis Securities
Ault and Wiborg
Bibby (J.)
British Aluminium
Glynwed
Hoover
Smallshaw (R.) (Knitwear)
Tube Investments
Vereeniging Refractories
Vogelstruisbult Metal

DIVIDEND & INTEREST PAYMENTS—
AD Intnl. Ln. 4½pc
Baggeridge Brick 1.25p
Bristol Evening Post 6.5p
British American & General Inv. Tst. Ln. 2pc
British and New York Tst. Ln. 2¼pc
Equity Consort Inv. Tst. 6.075p. Dfd. 8.75p
GEI Intnl. 3.555p
Hapoalim Intnl. NV US$742.53
Imperial Chemicals Inds. Ln. 5¼pc
Intnl. Distillers and Vintners Ln. 4¼pc
Intnl. Paint 2.175p
Mercantile Inv. Tst. 4pcPf. 1.4pc
New Throgmorton Tst. Ln. 3½pc
Sidlaw 1.5p
Stead and Simpson Ord. and A 2.25p
Sterling Industries 1.2p
Webster (Samuel) Deb. 3¼pc
Woodhead (Jonas) 5p

THURSDAY, AUGUST 7

COMPANY MEETINGS—
Anderson, Strathclyde, Central Hotel, Gordon St., Glasgow, 12.00
Baker Perkins, Hyde Park Hotel, Hyde Park, W. 11.45
Bradford Property Tst., Victoria Hotel, Bridge St., Bradford West Yorkshire, 12.00
Cullen's Stores, Burford Bridge Hotel, Nr. Dorking, 3.00
Culter Guard Bridge, Jubilee Hall, Guard Bridge, Fife, 12.00
Triplex Foundries Upper Church Lane, Tipton, 12.00
Wedgewood, Barlaston, Stoke-on-Trent, Staffordshire, 3.00

BOARD MEETINGS—
Finals:
Ailsa Inv. Tst.
Associated Tooling Industries
Austin (James) Steel
Black (Peter)
Centreway Tst.
Centrovincial Estates
Longton Industrial
ML Holdgs.
Nolton
Smith (David S.)
Interims:
Adams and Gibbon
Anglo-American Coal
Anglo-American Gold Inv.
Anglo-Intnl. Inv. Tst.
Carron
Evode
Foreign and Colonial Inv. Tst.
Law Debenture

DIVIDEND & INTEREST PAYMENTS—
Arbuthnot Latham 7p
Bradford Property Tst. 1.65p
British Tar Products 1.8p
Burroughs Corp. 65cts
Durapipe Intnl. 1.98p
EMI Ln. 4¾pc
Elliott of Peterborough 0.5p
Folkes (John) Hefo Ord. and NV Ord. 1.26p
Greatermans Stores Ord. and A 25cts
Greenfields Leisure 0.84p
Heywood Williams 2.8p
Hinton (Amos) Ln. 3½pc
Jatel 4p
Lonsdale Universal 1.85p
Maple Ln. 5¼pc
Marley 2p
Mid-Sussex Water 4.9pc (fmly. 7pc) max. A Ord. 2.45pc
Press (William) 0.6p
Stilfontein Gold Mining 160cts
Thermal Syndicate 3p
Triplex Foundries 3.6p
West Bromwich Spring 1.01p
West Rand Cons. Mines 7.5cts

FRIDAY, AUGUST 8

COMPANY MEETINGS—
Brickhouse Dudley, Strathallan Hotel, 225 Hagley Rd., Edgbaston Birmingham, 12.00
Caledonian Assoc. Cinemas, 4, Academy St., Inverness, 12.00
Ferguson Industrial, Appelby Castle, Appelby, Westmoreland, Cumbria, 11.30
Wheway Watson, 101, Sutton New Rd., Erdington Birmingham, 12.00

BOARD MEETINGS—
Finals:
Ewart New Northern
Howard Tenens Services
Wholesale Fittings

DIVIDEND & INTEREST PAYMENTS—
American Express 50cts
Anderson, Strathclyde 3p
Bakers Household Stores (Leeds) 0.65p
Barlow 2p
Brickhouse Dudley 2.25p
Brown (N.) Invests. 2.5p
Buffelsfontein Gold Mining 430cts
Burnett and Hallamshire 4.5p
Caledonian Assoc. Cinemas 5p
Century Oils 3.7p
Construction Hldgs. 5.6p
Cropper (James) 2.5p
Cullen's Stores Ord. and A 3.6p
Culter Guard Bridge 0.5p
Dorrington Inv. 2.1p
Electric and General Inv. 1.45p
Elsburg Gold Mining 26cts
Globe Inv. Tst. Ord. Units 3.7p
Henlys 3p
Mountview Estates 1.7p
National Carbonising Ord. Units 2.1p
Pauls and Whites 4p
Randfontein Estates Gold Mining (Witwatersrand) 450cts
Reed Intnl. Deb. 3½pcLn. (90-95) 5pc
Tanks Cons. Inv. Ord. Units 8p
Throgmorton Tst. 2.25p
Vectis Stone 0.6p
WGI 5.4pc. 4.9pcPf. 2.45pc
Wedgwood 2.426p
Westbrick Products 2.25p
Western Areas Gold Mining 40cts
Williams (Ben) 0.5p

SATURDAY, AUGUST 9

DIVIDEND & INTEREST PAYMENTS—
Charter Cons. (Reg.) (restored 9.30 am 4/7/80) 5p. (Br.) 5p

## The week's business in Parliament

MONDAY, AUGUST 4

**Commons:** Consolidated Fund (Appropriation) (No. 2) Bill.
**Lords:** Deer Bill, third reading. Various motions.

TUESDAY

**Commons:** Lords' amendments to Housing Bill; Horticulture and Agriculture Grant Orders. Capital Grant (Variation) Orders. EEC documents on fisheries.
**Lords:** Local Government, Planning and Land (No. 2) Bill, second reading.
**Select Committees:** Transport on Roads White Paper. Witnesses: GLC. 11 am. Room 17. Foreign Affairs on Brandt Report. Witnesses: Douglas Hurd, Minister of State at Foreign Office. 5.15 pm. Room 15.

WEDNESDAY

**Commons:** Tenants' Rights (Scotland) Bill, Lords' amendments. Health Services Bill, Lords' amendments. British Aerospace (Borrowing Powers) (Increase of Limit) Order. Financial Limits (National Enterprise Board and Secretary of State) Order. Highways Bill, remaining stages. Opposed private business after 7 pm.
**Lords:** Coal Industry Bill, third reading. Housing Bill, consideration of Commons message. Various motions for approval.

THURSDAY

**Commons:** Debate on procedure. Motion on financial assistance to opposition parties.
**Lords:** Civil Aviation Bill, second reading. Short debate on what part promotion of increased purchasing power in developing countries plays in reviving British economy.

FRIDAY

**Commons:** Proposed that House rises for summer adjournment until Monday, October 27.
**Lords:** Consolidated Fund Bill. Royal Assent to Bills.

## Westward opponents appeal to IBA

BY ARTHUR SANDLES

THE Independent Broadcasting Authority, which has so far kept out of the public eye in the Westward Television boardroom row, may be about to be drawn into active involvement.

Both sides in the dispute, one led by Mr. Peter Cadbury, the former chairman and largest single shareholder, and the other led by Lord Harris of Greenwich, the former Labour minister who is the present chairman, have talked to the authority in recent days over their present position, and proposed tactics.

The authority has been determined to stay out of the wrangle but could find itself involved as each side seeks support.

Mr. Cadbury will be seeing counsel today on his planned legal action, and if the affair ends up in court, the IBA could well be called on for evidence.

Normally, the authority is involved in the internal affairs of commercial broadcasting companies only when problems are faced which might actually affect programmes — London Weekend Television and London Broadcasting have both provided cases in the past.

Part of its duties, however, are the approval or disapproval of boardroom appointments and the policing of trading and voting shares.

The Westward row revolves around both directors and shareholdings, and neither side can win unless there are changes either on the Board or in the voting share ownership.

For this reason, both sides have been keeping the IBA informed.

The embarrassment of the authority is heightened by the fact that it is in the process of choosing new contract holders for the whole of the ITV system.

A new contract, including that for the South-west, currently held by Westward, will operate from January, 1982.

Decisions on which companies will hold a contract from that date will be announced this Christmas.

Mr. Cadbury is saying that a threat by the present Westward Board to "transfer" his voting stock from him unless he refrains from using the votes to get himself back into the chair at Westward is "a red-herring."

The Board has chosen October 17 for the extraordinary meeting of shareholders to decide on Mr. Cadbury's motion for the removal of most of the present directors.

The Board argues that Westward cannot retain its West Country franchise if Mr. Cadbury is chairman.

The scheduled shareholders' meeting is one month after the Westward board has to face an IBA public meeting in Plymouth, when the rival bidders will also be present.

The shareholders' meeting is also planned for only a couple of weeks before Mr. Cadbury is due to appear in court on a charge of wasting police time.

## Public Works Loan Board rates

Effective from July 26

| Years | Quota loans repaid by EIP† | Quota loans A‡ | Quota loans at maturity§ | Non-quota loans A* repaid by EIP† | Non-quota loans A* A‡ | Non-quota loans A* at maturity§ |
|---|---|---|---|---|---|---|
| Up to 5 | 12¾ | 12⅝ | 12⅛ | 13¾ | 13⅝ | 13¼ |
| Over 5, up to 10 | 12⅝ | 12¾ | 12½ | 13½ | 13½ | 13⅜ |
| Over 10, up to 15 | 12⅞ | 12⅞ | 12⅝ | 13⅝ | 13⅝ | 13⅜ |
| Over 15, up to 25 | 12⅞ | 12¾ | 12¾ | 13⅝ | 13½ | 13¼ |
| Over 25 | 12½ | 12¾ | 12¾ | 13½ | 13½ | 13¼ |

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payment of interest only.

# CONTRACTS AND TENDERS









## COMPANY NOTICE

TENDERS FOR GREATER LONDON BILLS

1. The Greater London Council hereby give notice that Tenders will be received at the Chief Registrar's Office (Bank Buildings), Bank of England, London EC2R 8EU, on Monday, 11th August, 1980, at 12 noon for Greater London Bills to be issued in conformity with the Greater London Council (General Powers) Act, 1967, to the amount of £35,000,000.
2. The Bills will be in amounts of £5,000, £10,000, £25,000, £50,000, £100,000 or £250,000. They will be dated Thursday, 14th August, 1980, and will be due 91 days after date, without days of grace.
3. Each Tender must be for an amount not less than £25,000, and must specify the net amount per cent. (being a multiple of one new halfpenny) which will be given for the amount applied for.
4. Tenders must be made through a London Banker, Discount House or Broker.
5. The Bills will be issued and paid at the Bank of England.
6. Notification will be sent by post, on the same day as Tenders are received, to the persons whose Tenders are accepted in whole or in part and payment in full of the amounts due in respect of such accepted Tenders must be made to the Bank of England, by means of cash or by draft or cheque drawn on the Bank of England not later than 1.30 p.m. on Thursday, 14th August, 1980.
7. Tenders must be made on the printed forms which may be obtained either from the Bank of England, or from the Council's Office at The County Hall.
8. The Greater London Council reserve the right of rejecting any Tenders.

M. F. STONEFROST,
Comptroller of Financial Services.
The County Hall,
London SE1 7PB.
4th August, 1980.



INVITATIONS TO TENDER—The Government of Barbados has issued invitations to tender for two World Bank sponsored projects in Barbados: (a) road construction and improvement at Spring Garden and St. Barnabas; (b) the supply and installation of air-conditioning and solar water heating systems for the holiday village complex at Heywoods, St. Peter. Further details may be obtained from the Barbados High Commission in the UK, 6 Upper Belgrave Street, London, SW1. Tel: 01-235 8686/9.

## PUBLIC NOTICES

NORTHAMPTON BOROUGH COUNCIL
£5,000,000 VARIABLE RATE STOCK 1983
(Issued 2nd August, 1978)

The interest payment due on 3rd February 1981 in respect of the period 3rd August 1980 to 2nd February 1981 will be 7.9375 per cent. (less income tax) being at the rate of 15.8750 per cent. per annum (a margin of ⅛ per cent. per annum above the average of the rates indicated by the Reference Banks to National Westminster Bank Limited).
1st August 1980.

## PERSONAL

# Shaheen company faces court payment order

BY CAREY FRENCH IN TORONTO

A NEW YORK court has ordered Shaheen Natural Resources, the New York company which built the now bankrupt Come-By-Chance Newfoundland refinery, to "pay U.S.$46m to trustee Clarkson Co. Ltd. of Toronto."

The judgment divided the amount between companies controlled by financier, Mr. John Shaheen, and five executives believed to be associated with Shaheen companies.

The court also awarded Clarkson costs and 6 per cent annual interest on the amount which dates back to March, 1976. The refinery was built and managed by Shaheen companies until it *went bankrupt in* 1976. Creditors are now owed about C$600m (U.S.$517m). Mr. Jesse Taub, vice-president of Avalon Refining of St. John's, the Shaheen company which is currently trying to regain the refinery, said the loans were used for joint ventures between Shaheen companies and a *Japanese company*, which is owed U.S.$330m in the bankruptcy.

While Shaheen is filing an appeal, Mr. Taub said the date of repayment was the real point of disagreement between Clarkson and the Shaheen interests. The Shaheen group plans to challenge the sale of the refinery to Petro-Canada (Petrocan), the Government-owned petroleum corporation, when *the sales agreement* is taken to the Newfoundland Supreme Court for approval.

Petrocan, Kleinwort, Benson *the UK merchant* bank, which holds a C$135m first mortgage guaranteed by the British Government's Export Credits Guarantee Department, and Peat Marwick, the receiver, signed a contract valued at up to $237m over 25 years.

The latest Shaheen offer, made on July 3, provided for payment of $816m to all creditors through an arrangement using borrowed funds and up to 50 per cent of the refinery's cash-flow.

The Petrocan offer includes $10m paid to Peat Marwick on concluding the deal, $7m on start-up, and $220m over 25 years based on a sliding scale of throughput.

# Offer of shares in BP's Irish project

By Our Dublin Correspondent

A STAKE *in the BP* consortium oil find off the west coast of Ireland is being offered to Irish investors through the formation of a new public company, Conroy Petroleum and Natural Resources (CPNR).

The company is offering 1.7m shares of 25p par value of Irish £1 each ($2.1). CPNR's principal assets are 50,000 shares in Aran Energy which has a 16.67 per cent interest in the BP well, about 120 miles off Ireland's west coast.

Proceeds will be used, according to documents published in Dublin, to buy into *exploration prospects* in Texas and in the seventh round of UK North Sea licences.

They will also be used to fund an onshore exploration for Barytes in South West Ireland in an area for which CPNR have applied for a licence.

# Growth slows at Carpenter

BY TERRY BYLAND

DEMAND FOR specialty metals began to slow down in the final quarter, reported Carpenter Technology, which ended the year with only a modest rise in earnings. The 12-month period turned in net earnings of $43.1m or $5.03 a share, compared with $40.7m or $4.76 in the previous year.

Carpenter, U.S. producer of stainless steel tool and other high alloy steels, warned earlier that there would be little change in earnings this year, after a period of sharply rising profits. Sales increased from $468.8m to $559.1m over the year.

In the final quarter of the year, sales held up at $147.2m against $136.8m, but earnings turned lower. Total net slipped from $13.4m to $13.2m, and share earnings from $1.57 to $1.54.

Profits at Carpenter have tended to follow the trend in the capital goods sectors of the economy, according to Wall Street investment analysts. The company has continued to invest heavily in production expansion programmes.

# Capital plan at Toyota Sales

TOYOTA MOTOR SALES will offer a total of Y30m capital shares through a public subscription in Tokyo, with payments required by September 19.

As a result, its capital will increase to Y21.47bn from the present Y18.79bn.

The issue price of the new Y50 par value shares will be *decided later, based on the* stock market price, the company said. Toyota shares were quoted last week at Y565 on the Tokyo stock market.

Toyota also plans a one-for-10 bonus share issue to shareholders as of September 30 to return premiums from the new stock issue at the current market price to its shareholders.

# Strong start at Sembawang

By Georgie Lee in Singapore

PROFIT at the major Singapore ship repair yard, Sembawang Shipyard, more than doubled at the interim stage.

For the half-year ended June, 1980, pre-tax profit of the company was S$40.43m (U.S.$80.9m) against S$19.8m in the corresponding first half of 1979.

Group pre-tax profit was S$40.83m. The tax charge went up by 123 per cent to S$16.3m.

# Belgian industrial scheme

BY OUR FINANCIAL STAFF

*SOCIETE GENERALE de* Belgique and Compagnie Bruxelles Lambert, the two major Belgian groups, plan to co-ordinate their interests in the electricity and technical engineering sectors.

The proposals concern electricity companies Electrobel, in which Société Generale de Belgique said it would take a sizeable stake alongside Bruxelles *Lambert, SA de Traction et* d'Electricité, in which Bruxelels Lambert will take a stake alongside Société Generale, and participations by these two companies in other companies.

Electrobel and Traction et Electricité will carry out share exchanges under which Traction will raise its share in the capital of Ebes, another electricity-producing company.

# PENDING DIVIDENDS

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year."

| | Date | Announcement last year |
|---|---|---|
| *AAH | Aug. 4 | Final 3.975 |
| *Aaronson Bros. | Aug. 6 | Int. 1.2 |
| Assoc. Dairies | Aug. 29 | Final 4.3 |
| *Ault and Wiborg | Aug. 6 | Int. 0.75 |
| Automotive Products | Aug. 9 | Int. 1.5 |
| BBA | Aug. 30 | Int. 0.84 |
| BICC | Sept. 4 | Int. 2.75 |
| *Bank of Scotland | Sept. 23 | Int. 7.25 |
| *Barclays Bk. | Aug. 21 | Int. 8.25 |
| *Bibby (J.) | Aug. 6 | Int. 6.05§ |
| Blue Circle | Aug. 30 | Int. 3.8 |
| *British Aluminium | Aug. 6 | Int. 5.5 |
| Brit. Elec. Traction | Sept. 6 | Final 5.719 |
| British Petroleum | Sept. 7 | Int. due |
| Cadbury Schweppes | Sept. 7 | Int. 0.95 |
| Carrington Viyella | Aug. 15 | Int. 0.7 |
| Collins (W.) | Sept. 8 | Int. 2.086 |
| *Commercial Union | Aug. 12 | Int. 4.0 |
| *Corah | Aug. 15 | Int. 1.25 |
| Costain | Sept. 7 | Int. 4.0 |
| De Beers | Aug. 21 | Int. 20c |
| Estate Prop. Investment | Aug. 9 | Final 2.75 |
| Fairclough Constr. | Aug. 28 | Int. 1.65 |
| *General Accident | Aug. 13 | Int. 5.5 |
| General Mining | Sept. 7 | Int. 25 cents |
| *Glynwed | Aug. 6 | Int. 2.45 |
| *Gold Fields SA | Aug. 15 | Final 155c |
| *Guardian Royal Exch. | Sept. 3 | Int. 5.0 |
| Hepworth Ceramic | Sept. 7 | Int. 2.25 |
| Hoffnung (S.) | Aug. 22 | Final 3.007 |
| HK & Shanghai Bank | Aug. 21 | Int. HK$0.24 |
| *Hoover | Aug. 6 | Int. 5.61 |
| House of Fraser | Aug. 23 | Int. 2.0 |
| *ICI | Aug. 28 | Int. 12.0 |
| *IMI | Aug. 26 | Int. 1.9 |
| *Johnson Gp. Cleaners | Aug. 20 | Int. 1.8 |
| *Kleinwort Benson | Sept. 23 | Int. 2.5 |
| Ladbroke | Aug. 29 | Int. 5.7 |
| *Letraset Intl. | Aug. 12 | Sec. Int. 5.503 |
| *Linfood | Sept. 3 | Final 6.75 |
| Lond. Brick | Aug. 22 | Int. 1.734 |
| Ldn. Merchant Secs. | Sept. 8 | Final 0.665 |
| Morgan Crucible | Sept. 7 | Int. 4.5 |
| Northern Eng. Inds. | Sept. 7 | Int. 1.25 |
| *Nottingham Mnf. | Aug. 11 | Int. 1.0 |
| Nurdin and Peacock | Aug. 29 | Int. 1.5 |
| Ocean Trans. | Aug. 21 | Int. 4.095 |
| P. and O. Steam Navigation | Sept. 5 | Int. 3.0 |
| Phoenix Assce. | Sept. 5 | Int. 5.8 |
| Portals | Sept. 7 | Int. 4.25 |
| Provident Financial | Sept. 4 | Int. 2.2 |
| Raybeck | Sept. 5 | Final 2.87 |
| *Rentokil | Aug. 5 | Int. 0.85 |
| *Royal Insce. | Aug. 18 | Int. 8.25 |
| Securicor | Aug. 8 | Int. 0.9 |
| Security Services | Aug. 8 | Int. 1.375 |
| Shell Trans. | Aug. 1 | Int. due |
| Sime Darby | Aug. 27 | Final 10 cents |
| *Slough Estates | Aug. 27 | Int. 0.9 |
| Smith Bros. | Aug. 7 | Final 0.1 |
| Smith and Nephew | Aug. 14 | Int. 1.25 |
| Sun Alliance | Sept. 5 | Int. 13.5 |
| *Taylor Woodrow | Aug. 5 | Int. 3.15 |
| *Transport Dev. | Aug. 11 | Int. 1.45 |
| Tricentrol | Aug. 2 | Int. 2.8 |
| *Tube Invs. | Aug. 6 | 12.5 |
| *Turner and Newall | Sept. 11 | Int. 4.5 |
| UDT | Aug. 8 | Final due |
| Union Cpn. | Aug. 28 | Int. 19 cents |
| Wagon Finance | Aug. 31 | Int. 0.825 |
| Weir Group | Sept. 5 | Int. 1.863 |
| *Woolworth (F. W.) | Aug. 13 | Int. 1.347 |
| Yorkshire Chemicals | Sept. 7 | Int. 2.395 |

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

## LOCAL AUTHORITY BOND TABLE

| Authority (telephone number in parentheses) | Annual gross interest | Interest payable | Minimum sum | Life of bond |
|---|---|---|---|---|
| | % | | £ | Year |
| Knowsley (051 548 6555) | 13¼ | ½-year | 1,000 | 1 |

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 16 % | ■ Hambros Bank | 16 % |
| Allied Irish Bank | 16 % | ■ Hill Samuel | §16 % |
| American Express Bk. | 16 % | C. Hoare & Co. | †16 % |
| Amro Bank | 16 % | Hongkong & Shanghai | 16 % |
| Henry Ansbacher | 16 % | Industrial Bk. of Scot. | 16½% |
| A P Bank Ltd. | 16 % | Keyser Ullmann | 16 % |
| ■ Arbuthnot Latham | 16 % | Knowsley & Co. Ltd. | 18 % |
| Associates Cap. Corp. | 16 % | Langris Trust Ltd. | 16 % |
| Banco de Bilbao | 16 % | Lloyds Bank | 16 % |
| Bank of Credit & Cmce. | 16 % | Edward Manson & Co. | 17 % |
| Bank of Cyprus | 16 % | Midland Bank | 16 % |
| Bank of N.S.W. | 16 % | ■ Samuel Montagu | 16 % |
| Banque Belge Ltd. | 16 % | ■ Morgan Grenfell | 16 % |
| Banque du Rhone et de la Tamise S.A. | 16½% | National Westminster | 16 % |
| Barclays Bank | 16 % | Norwich General Trust | 16 % |
| Bremar Holdings Ltd. | 17 % | P. S. Refson & Co. | 16 % |
| Brit. Bank of Mid. East | 16 % | Rossminster | 16 % |
| ■ Brown Shipley | 16 % | Ryl. Bk. Canada (Ldn.) | 16 % |
| Canada Perm't Trust | 17 % | Schlesinger Limited | 16 % |
| Cayzer Ltd. | 16 % | E. S. Schwab | 16 % |
| Cedar Holdings | 17 % | Security Trust Co. Ltd. | 17 % |
| ■ Charterhouse Japhet | 16 % | Standard Chartered | 16 % |
| Choulartons | 16 % | Trade Dev. Bank | 16 % |
| C. E. Coates | 16 % | Trustee Savings Bank | 16 % |
| Consolidated Credits | 16 % | Twentieth Century Bk. | 16 % |
| Co-operative Bank | *16 % | United Bank of Kuwait | 16 % |
| Corinthian Secs. | 16 % | Whiteaway Laidlaw | 16½% |
| The Cyprus Popular Bk. | 16 % | William & Glyn's | 16 % |
| Duncan Lawrie | 16 % | Wintrust Secs. Ltd. | 16 % |
| Eagil Trust | 16 % | Yorkshire Bank | 16 % |
| E. T. Trust Limited | 15½% | | |
| First Nat. Fin. Corp. | 19 % | | |
| First Nat. Secs. Ltd. | 19 % | | |
| Robert Fraser | 16 % | | |
| Antony Gibbs | 16 % | | |
| Greyhound Guaranty | 16 % | | |
| Grindlays Bank | ‡16 % | | |
| ■ Guinness Mahon | 16 % | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

## RECENT ISSUES

### EQUITIES

| Issue Price p: | Amount Paid Up | Latest Renunc. Date | 1980 High | 1980 Low | Stock | Closing Price p: | + or − | Div. P. or Amount | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| §38½ | F.P. | — | 100 | 80 | Energy Capital (12½p) | 92 | ...... | — | — | — | — |
| ¶¶ | F.P. | — | 257 | 215 | ††Hall Bros. | 250 | ...... | — | — | — | — |
| 56 | F.P. | — | 90 | 74 | Home Farm Prods 10p | 90 | ...... | b2.9 | 3.5 | 4.6 | 12.3 |
| 160 | F.P. | — | 153 | 135 | ††Marinex 10p | 135 | −5 | — | — | — | — |
| 100 | F.P. | — | 110 | 91 | Peerless | 91 | ...... | b6.3 | 2.8 | 9.9 | 4.5 |
| §51 | F.P. | — | 78 | 67 | ††Rolfe & Nolan 10p | 72 | ...... | t1.0 | 3.6 | 2.0 | 2.3 |
| §80 | F.P. | — | 112 | 98 | ††S.P.O. Minerals 10p | 98 | −1 | — | — | — | — |
| §57 | F.P. | — | 85 | 73 | Utd. Electronic 20p | 78 | −1 | b1.57 | 2.2 | 2.9 | 22.3 |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid Up | Latest Renunc. Date | 1980 High | 1980 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| ‖ | F.P. | 23/7 | 120 | 109½ | British Home Stores 9% Cnv. Ln. '92 | 120 | ...... |
| 100 | F.P. | — | 100½ | 99 | Daiei 8½% Conv. Bds. due 1995 | 102 | ...... |
| 98 | £20 | — | 18¾ | 18⅝ | Denmark 13% 2005 | 18¾ | +¼ |
| ¶¶ | F.P. | — | 69 | 63½ | London & Midland Inds 8½ pc Deb. '89-94 | 69 | ...... |
| ‖ | F.P. | — | 102 | 101 | Outwich 10% Pref. | 101 | ...... |
| ¶ | F.P. | 8/8 | 105½ | 101½ | *South Staff. Water 9¾% Rd. Pf. '85* | 105½ | ...... |
| ¶ | F.P. | 29/8 | 104 | 103¼ | Sunderl'd & S.Shields Wtr 9½% Rd.Prf.1986 | 104 | ...... |

### "RIGHTS" OFFERS

| Issue Price p: | Am'unt Paid Up | Latest Renunc. Date ● | Latest Renunc. Date ■ | 1980 High | 1980 Low | Stock | Closing price p: | + or − |
|---|---|---|---|---|---|---|---|---|
| 65 | Nil | 5/8 | 1/9 | 30½pm | 23pm | Anderson Strathclyde | 30½pm | +2 |
| 103 | F.P. | 14/7 | 15/8 | 127 | 117 | Astbury & Madeley | 121 | ...... |
| 132 | F.P. | 23/7 | 8/9 | 169 | 146 | Beristord (S. & W.) | 167 | −2 |
| 18 | Nil | 7/8 | 12/9 | 12½pm | 9½pm | Brengreen | 11pm | −1 |
| 100 | F.P. | 3/7 | 7/8 | 159 | 112 | Carless Capel | 146 | −5 |
| 55 | F.P. | 22/7 | 15/8 | 75 | 61 | Charterhall | 64 | −2 |
| 34 | F.P. | 1/8 | 29/8 | 56 | 50 | Clive Discount | 55 | ...... |
| 92 | Nil | 30/7 | 12/9 | 138 | 123 | Coalite | 138 | ...... |
| 50 | Nil | 25/7 | 22/8 | 92pm | 85pm | Crest, Nicholson | 92pm | +1 |
| 100 | F.P. | — | — | 292pm | 280pm | Ferranti | 280pm | −5 |
| 620 | Nil | 15/7 | 5/8 | 737 | 645 | Harrison & Crosfield | 737 | ...... |
| 76 | F.P. | 30/7 | 20/8 | 96 | 87 | Hazelwood Foods | 93 | ...... |
| 263 | F.P. | 1/7 | 15/8 | 374 | 307 | Land Securities | 368 | −5 |
| 126 | F.P. | — | 8/8 | 175pm | 17pm | *Lloyds & Scottish* | 168pm | ...... |
| 80 | Nil | — | — | 30½pm | 15½pm | Lonrho | 22pm | ...... |
| 120 | Nil | — | — | 30pm | 25pm | McKay Secs. | 25pm | −5 |
| 52 | F.P. | 28/7 | 26/8 | 81 | 65 | Mallinson-Denny | 72½ | +1½ |
| 75 | Nil | — | — | 35pm | 30pm | Polly Peck | 30pm | ...... |
| 10 | Nil | — | — | 3½pm | 2½pm | Sturla | 2½pm | ...... |
| 12½ | F.P. | 31/7 | 26/8 | 13½ | 12 | Thurgar Bardex | 12 | ...... |

*Renunciation date* usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in *partly-paid allotment letters.* ★ *With warrants.* †† *Unlisted security.* ‡‡ Issued as units comprising two participating preference shares and one ordinary share R3.50 per unit. † Dealings under special rule.



CORAL INDEX: Close 487-492 (+2)

# UNIT TRUST SERVICE

## OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 26541/2
American O/S (USc) 106.6 112.2

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

[illegible]



# The interest rate factor

BY COLIN MILLHAM

Interest rates continued to dominate currency trading last week, with one more central bank mentioned in the context of likely cuts in discount rates in the near future. The Danish authorities are expected to make a downward adjustment, and for some time the market has been waiting for similar moves by the *German Bundesbank*, Bank of England, and Bank of Japan. The Bundesbank council will not meet again until the end of this month, and unless the Bank of England acts this week, the prospects of an early cut in Minimum Lending Rate appear less likely, since Parliament will then be in recess.

The Bank of Japan is expected to lower its discount rate in late August, or September, and it seems quite possible that a spate of cuts could occur at about that time.

Until last week the only central banks to cut their discount rates recently were the Netherlands National Bank and the U.S. Federal Reserve, but encouraged by the strength of its currency the Belgian National Bank reduced both discount and Lombard rates by 1 per cent to 12 per cent from Thursday. On Friday the Bank of France moved to lower Paris interest rates by cutting its money market intervention rate by ½ per cent to 11½ per cent. At the same time two major French banks cut their base rates to 12½ per cent from 13 per cent.

Although the Bundesbank has not lowered its discount rate, liquidity was added to the Frankfurt money market last week through a sale and repurchase agreement with the banks, and German interest rates have eased slightly during the past week or so.

Sterling's performance was deceptive, falling quite sharply against the dollar, but showing continued strength against other major currencies such as the D-mark and Swiss franc.

The dollar was very firm, with the previous week's U.S. discount rate cut leading to hopes that New York rates had reached a low point. The announcement of a sharp rise in U.S. leading economic indicators in June, and the upward trend in Eurodollar rates last week, pushed the dollar to its best level for over two months.

## GOLD

| | Aug. 1 | | July 31 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $620-623 | (£265¾-267¼) | $615-618 | (£262-263½) |
| Opening | $618-621 | (£265½-267) | $608-611 | (£259½-261) |
| Morning fixing | $622 | (£266.324) | $618 | (£264.385) |
| Afternoon fixing | $622 | (£266.724) | $614.25 | (£262.276) |
| **Gold Coins** | | | | |
| Krugerrand | $639-642 | (£273½-275½) | $640-643 | (£273-275) |
| Mapleleaf | $635-638 | (£272-273) | $636-639 | (£270-273) |
| New Sovereigns | $157-158 | (£67¼-68¼) | $157¼-158¼ | (£66½-67½) |
| King Sovs | $182-184 | (£78-80) | $183-185 | (£78½-79½) |
| Victoria Sovs | $182-184 | (£78-80) | $183-185 | (£78½-79½) |
| French 20s | $158-161 | | $160-163 | |
| 50 pesos Mexico | $766-771 | | $761-767 | |
| 100 Cor. Austria | $606-611 | | $603-608 | |
| $20 Eagles | $761-765 | | $745-750 | |
| $10 Eagles | — | | — | |
| $5 Eagles | — | | — | |

## OTHER CURRENCIES

| Aug. 1 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 4386-4406 | 1883-1890 | Austria | 29.45-29.75 |
| Australia Dollar | 2.0245-2.0285 | 0.8685-0.8690 | Belgium | 66.55-67.15 |
| Brazil Cruzeiro | 124.87-125.87 | 53.68-53.88 | Denmark | 12.86-12.96 |
| Finland Markka | 8.53-8.54 | 3.6610-3.6620 | France | 9.60½-9.66½ |
| Greek Drachma | 100.436-102.870 | 43.25-43.40 | Germany | 4.16-4.19 |
| Hong Kong Dollar | 11.54¾-11.56¾ | 4.9580-4.9610 | Italy | 1950-2050 |
| Iran Rial | n.a. | n.a. | Japan | 531-536 |
| Kuwait Dinar (KD) | 0.623-0.629 | 0.2680-0.2681 | Netherlands | 4.54-4.57 |
| Luxembourg Frc. | 66.70-66.80 | 28.61-28.63 | Norway | 11.36-11.46 |
| Malaysia Dollar | 5.0450-5.0550 | 2.1660-2.1680 | Portugal | 113-117 |
| New Zealand Dlr. | 2.3950-2.3980 | 1.0265-1.0275 | Spain | 162½-169 |
| Saudi Arab. Riyal | 7.72-7.78 | 3.3190-3.3210 | Sweden | 9.72-9.80 |
| Singapore Dollar | 4.9825-4.9925 | 2.1395-2.1415 | Switzerland | 3.85-3.88 |
| Sth. African Rand | 1.7825-1.7840 | 0.7640-0.7645 | United States | 2.3265-2.339 |
| U.A.E. Dirham | 8.58-8.64 | 3.6875-3.6890 | Yugoslavia | 63½-69½ |

Rate given for Argentina is free rate.

## THE DOLLAR SPOT AND FORWARD

| Aug. 1 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.3230-2.3400 | 2.3330-2.3340 | 1.38-1.28c pm | 6.84 | 3.45-3.35 pm | 5.83 |
| Ireland† | 2.1040-2.1090 | 2.1060-2.1070 | 1.35-1.25c pm | 7.40 | 3.65-3.55 pm | 6.83 |
| Canada | 1.1584-1.1606 | 1.1603-1.1606 | 0.01-0.06c dis | −0.36 | 0.13-0.18dis | −0.53 |
| Nethlnd. | 1.9520-1.9580 | 1.9550-1.9560 | 0.28-0.18c pm | 1.41 | 0.65-0.55 pm | 1.23 |
| *Belgium* | 28.54-28.63½ | 28.61-28.63 | 4-6c dis | −2.09 | 14-17 dis | −2.16 |
| Denmark | 5.5370-5.5450 | 5.5435-5.5450 | 3-3½ore dis | −7.03 | 10½-11 dis | −7.75 |
| W. Ger. | 1.7895-1.7970 | 1.7920-1.7930 | 0.40-0.35pf pm | 2.51 | 0.98-0.93 pm | 2.13 |
| Portugal | 49.50-50.10 | 49.55-49.95 | 13-38c dis | −6.15 | 50-100 dis | −6.03 |
| Spain | 71.95-72.15 | 72.10-72.15 | 75-95c dis | −14.14 | 215-245dis | −12.75 |
| Italy | 842.25-844.60 | 843.75-844.25 | 9-11 lire dis | −14.22 | 29-31 dis | −14.22 |
| Norway | 4.8850-4.8940 | 4.8920-4.8935 | 0.50ore pm-par | 0.61 | 0.75-0.25 pm | 0.41 |
| France | 4.1430-4.1625 | 4.1600-4.1625 | 0.88-0.98c dis | −2.69 | 1.95-2.15dis | −1.97 |
| Sweden | 4.1675-4.1750 | 4.1710-4.1725 | 1.00-1.15ore dis | −3.09 | 3.30-3.45dis | −3.24 |
| *Japan* | 226.40-228.50 | 226.85-226.95 | 0.40-0.55y dis | −2.51 | 1.10-1.25dis | −2.07 |
| Austria | 12.68¾-12.71¾ | 12.70½-12.71½ | 0.20-0.80gro dis | −0.47 | 1.25-3.00dis | −0.67 |
| Switz. | 1.6540-1.6650 | 1.6605-1.6615 | 0.73-0.63c pm | 4.91 | 2.02-1.92 pm | 4.74 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

## THE POUND SPOT AND FORWARD

| Aug. 1 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.3230-2.3400 | 2.3330-2.3340 | 1.38-1.28c pm | 6.84 | 3.45-3.35 pm | 5.83 |
| Canada | 2.6960-2.7150 | 2.7020-2.7030 | 1.55-1.45c pm | 6.66 | 3.80-3.70 pm | 5.55 |
| Nethlnd. | 4.54-4.58 | 4.55¾-4.56¾ | 3½-2½c pm | 7.89 | 8½-7½ pm | 7.01 |
| Belgium | 66.45-66.90 | 66.70-66.80 | 30-20c pm | 4.49 | 66-56 pm | 3.65 |
| Denmark | 12.89-12.98 | 12.93-12.94 | ¼ore dis | −0.29 | 5-6¾ dis | −1.82 |
| Ireland | 1.1050-1.1100 | 1.1060-1.1070 | 0.02p pm-0.02 dis | — | 0.18-0.13 pm | 1.68 |
| W. Ger. | 4.16-4.20 | 4.18-4.19 | 3⅞-2⅞pf pm | 8.96 | 8¾-7¾ pm | 7.76 |
| Portugal | 116.20-117.00 | 116.30-116.60 | 39c pm-23 dis | 0.82 | 50-125 dis | −3.00 |
| *Spain* | 167.45-168.50 | 167.85-168.00 | 63-115c dis | −6.36 | 250-337 dis | −6.99 |
| Italy | 1,954-1,973 | 1,967-1,968 | 10½-13½ lire dis | −7.32 | 37½-41½dis | −3.03 |
| Norway | 11.39½-11.43½ | 11.41½-11.42½ | 8¼-6¾ore pm | 7.82 | 19¾-17¾ pm | 6.46 |
| France | 9.62-9.74 | 9.70½-9.71½ | 4¾-3¾c pm | 5.25 | 11½-10¼ pm | 4.43 |
| Sweden | 9.71-9.78 | 9.73-9.74 | 3½-2⅞ore pm | 3.93 | 7-6¼ pm | 2.72 |
| *Japan* | 527-535 | 529-530 | 2.20-1.80y pm | 4.53 | 4.90-4.50 pm | 3.55 |
| Austria | 29.55-29.75 | 29.65-29.70 | 17½-15gro pm | 6.57 | 41½-36½ pm | 5.26 |
| Switz. | 3.85½-3.89 | 3.87¼-3.88¼ | 4⅞-3⅞c pm | 11.99 | 11-10 pm | 10.83 |

Belgian rate is for convertible francs. Financial franc 67.00-67.10. Six-month forward dollar 4.80-4.70c pm, 12-month 6.60-6.50c pm.

## FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 1)

| 3 month U.S. dollars | | 6 month U.S. dollars | |
|---|---|---|---|
| bid 10 5/8 | offer 10 1/2 | bid 10 1/2 | offer 10 5/8 |

*The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of* the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

## EURO-CURRENCY INTEREST RATES (Market Closing Rates)

| Aug. 1 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| †Short term | 18-18¼ | 10¼-10½ | 10½-11½ | 9⅝-9⅞ | 5¾-6 | 8⅞-9 | 12-12¼ | 17-22 | 5⅞-4⅞ | 13¼-13⅝ |
| 7 days' notice | 18¼-18½ | 10¼-10½ | 10½-11½ | 9⅝-9⅞ | 5¼-5¾ | 8½-9 | 12-12¼ | 22½-26½ | 9½-10 | 15⅛-13¼ |
| Month | 17⅞-17⅞ | 10¾-11 | 10¾-11⅛ | 9⅜-9⅝ | 5⅞-5⅞ | 8⅞-8⅞ | 12-12¼ | 23½-26 | 10⅜-10½ | 13-13¼ |
| Three months | 16⅛-16½ | 10½-10¾ | 10⅝-11 | 9¼-9½ | 5⅞-5⅞ | 8⅜-8½ | 11⅞-12⅛ | 23½-25 | 10⅞-10⅞ | 12⅜-12⅝ |
| Six months | 14⅞-15⅛ | 10⅝-10⅞ | 10⅝-11 | 9⅛-9⅜ | 5⅞-5⅞ | 8-8⅛ | 11⅞-12⅛ | 23¼-24¾ | 10⅜-10½ | 11⅛-11⅜ |
| *One Year* | 13⅞-14⅛ | 10⅞-11⅛ | 10⅝-11 | 9⅛-9⅜ | 5¼-5⅜ | 7¾-7⅞ | 11¾-12 | 20½-22 | 10⅞-10⅞ | 10-10¼ |

Long-term Eurodollar two years 11-11¼ per cent; three years 11¼-11½ per cent; four years 11¼-11½ per cent; five years 11¼-11½ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.90-10.00 per cent; three-months 10.05-10.15 per cent; six-months 10.15-10.25 per cent; one year 10.30-10.40 per cent.

## LONDON MONEY RATES

| Aug. 1 1980 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposits | Treasury Bills ф | Eligible Bank Bills ф | Fine Trade Bills ф |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 10-19 | — | — | — | 16¼-16⅞ | 15-16 | — | — | — |
| 2 days notice | — | — | 17⅛-17¾ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 17-17¼ | 17⅛-17⅞ | — | 17¼ | 17¾-18¼ | 16 | — | — | — |
| One month | 17-16⅝ | 17-17¼ | 16⅞-17¼ | 17-17½ | 17½ | 17⅞-17½ | 15¾-15⅞ | 14⅞-14⅞ | 16⅞ | 17 |
| Two months | 16⅝-16⅜ | 16½-16¾ | — | 16½-17 | 17 | — | 15¼-15½ | 14⅞-14⅞ | 16 | 16½ |
| Three months | 16⅛-15⅞ | 16⅛-16¼ | 15⅝-16 | 16½-17 | 16½ | 16½-16¾ | 14¾-14⅞ | 14⅞-14⅞ | 15⅞ | 16 |
| Six months | 15-14⅝ | 14⅞-15⅛ | 14⅛-14⅞ | 14¾-15¼ | 15⅜ | 15½ | — | — | 13⅞-13⅞ | 14½ |
| Nine months | 14¼-14 | 14¼-14⅛ | — | 14¼-14¾ | 14⅝ | 15 | — | — | — | — |
| One Year | 13¾-13½ | 13¾-13⅞ | 13¾ | 13¾-14⅛ | 14⅜ | 14¼ | — | — | — | — |
| Two years | — | — | 13⅛-13½ | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13-13¼ per cent; four years 12⅞-13½ per cent; five years 12⅞-13¼ per cent. фBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¼-14⅝ per cent; four-month trade bills 15½ per cent.

Approximate selling rate for one-month Treasury bills 14⅞ per cent; two-months 14⅞-14⅞ per cent; three-months 14⅞ per cent. Approximate selling rate for one-month bank bills 16⅛ per cent; two-months 15⅞ per cent; three-months 15⅜ per cent; one-month trade bills 16¾ per cent; two-months 16¼ per cent and three-months 15¾ per cent.

*Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980.* Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.7076 per cent.

## CURRENCY RATES

| Aug. 1 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 16 | 0.561307 | 0.603731 |
| U.S. $ | 10 | 1.31009 | 1.41062 |
| Canadian $ | 10.18 | 1.51748 | 1.63237 |
| Austria Sch | 6¾ | 16.6460 | 17.8937 |
| Belgium F | 12 | 37.4456 | 40.3154 |
| Danish K | 13 | 7.26117 | 7.81270 |
| D'mark | 7½ | 2.34676 | 2.52600 |
| Guilder | 9 | 2.56123 | 2.75479 |
| French Fr. | 9½ | 5.43425 | 5.84701 |
| Lira | 15 | 1004.86 | 1189.64 |
| Yen | 9 | 298.570 | 320.704 |
| Norwgn. Kr. | 9 | 6.40241 | 6.89580 |
| Spanish Pts. | 8 | 94.2715 | 101.670 |
| Swedish Kr. | 10 | 5.47211 | 5.88044 |
| Swiss Fr. | 3 | — | 2.34303 |

هكذا من الأصل

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

**Abbey Unit Tst. Mngrs. (a)**
72-80, Gatehouse Rd., Aylesbury 0296 5941

| | | | | |
|---|---|---|---|---|
| Abbey Amer. Gth. Tst. | [illegible] | 55.7 | +0.1 | 2.60 |
| Abbey Capital | [illegible] | 43.9 | −0.3 | 5.58 |
| Abbey General | [illegible] | 55.5 | −0.4 | [illegible] |
| Abbey Gilt & F.I. Tst. | 112.9 | 118.8 | −0.5 | 11.52 |
| Abbey Income | [illegible] | 37.6 | −0.2 | 9.20 |
| Abbey W'Wide Bd Tst. | [illegible] | 99.0 | −0.2 | 6.77 |
| Abbey Inc. Tst. Fnd. | 44.1 | 47.2 | ..... | 5.33 |
| Equities Prog. Trust | 77.4 | 83.7 | −0.5 | 5.15 |

**Allen Harvey & Ross Unit Tst. Mngrs.**
45, Cornhill, London EC3V 3PB. 01-623 6314.

| | | | | |
|---|---|---|---|---|
| AHR Gilt & Pref. | 93.3 | 98.2 | ..... | 12.50 |

**Allied Hambro Ltd. (a) (b)**
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

| | | | | |
|---|---|---|---|---|
| **Balanced Funds** | | | | |
| Allied 1st | 85.0 | 91.0 | −0.5 | 5.82 |
| Brit. Inds. Fund | 74.8 | 80.0 | −0.4 | 6.50 |
| Growth & Income | 45.6 | 48.8 | −0.3 | 5.70 |
| Elect. & Ind. Dev. | 42.1 | 45.0 | −0.3 | 5.44 |
| Allied Capital | 88.3 | 94.5 | −0.5 | 4.71 |
| Hambro Fund | 128.1 | 137.1 | −0.5 | 6.33 |
| Hambro Acc. Fund | 161.5 | 172.8 | −1.3 | 5.21 |
| **Income Funds** | | | | |
| High Yield Fd. | 67.6 | 72.3 | −0.1 | 9.89 |
| High Income | 75.8 | 81.1 | −0.4 | 7.77 |
| A. H. Eq. Inc. | 43.2 | 46.2 | −0.2 | 7.86 |
| Govt. Secs. | 26.2 | 26.9 | −0.1 | 8.36 |
| **International Funds** | | | | |
| International | 31.0 | 33.2 | −0.1 | 3.25 |
| Pacific Fund | 51.3 | 54.9 | −0.2 | 2.24 |
| Secs. Of America | 62.7 | 67.1 | ..... | 2.68 |
| **Specialist Funds** | | | | |
| Smaller Co.'s Fd. | 51.1 | 54.7 | +0.1 | 4.66 |
| 2nd Smlr. Co's Fd. | 59.9 | 64.1 | +0.1 | 4.68 |
| Recovery Sits. | 125.5 | 134.3 | −0.5 | 6.22 |
| Met. Min. & Cmdty. | 64.1 | 68.6 | ..... | 4.30 |
| Overseas Earnings | 63.5 | 67.9 | −0.6 | 5.67 |
| **Exempt Funds** | | | | |
| Far East Exempt | 57.2 | 59.5 | ..... | 2.97 |
| Smaller Co. Exempt | 78.8 | 82.7 | −0.1 | 4.84 |
| U.S.A. Exempt | 110.7 | 116.1 | +0.3 | 3.04 |

**Anderson Unit Trust Managers Ltd.**
158, Fenchurch St., EC3M 6AA. 623 9231

| | | | | |
|---|---|---|---|---|
| Anderson U.T. | 63.4 | 68.8 | ..... | 4.88 |

**Ansbacher Unit Mgmt. Co. Ltd.**
1, Noble St., EC2V 7JA. 01-623 6376

| | | | | |
|---|---|---|---|---|
| Inc. Monthly Fund | 147.0 | 157.0 | +2.0 | 11.60 |

**Arbuthnot Securities Ltd. (a)(c)**
37, Queen St., London, EC4R 1BY. 01-236 5281

**Confederation Funds Mgt. Ltd. (a)**
50, Chancery Lane, WC2A 1HE. 01-242 0282

| | | | | |
|---|---|---|---|---|
| Growth Fund | 66.3 | 69.7 | ..... | 4.79 |

For Cosmopolitan see Chieftain Fund Managers.

**Craigmount Unit Tst. Mgrs. Ltd.**
40 Bucklersbury, London EC4N 8BD. 01-248 4984

| | | | | |
|---|---|---|---|---|
| High Income | 38.1 | 41.6 | ..... | 10.89 |
| North American | 51.6 | 55.7 | +0.2 | 3.07 |
| Canadian Exempt* | 61.4 | 64.9 | ..... | 3.66 |
| Canadian Trust | 59.5 | 64.3 | +1.1 | 2.80 |
| Mid Mount High Inc.* | 50.9 | 53.7 | ..... | 8.98 |
| Recovery | 57.9 | 63.1 | −0.5 | 6.85 |
| Gilt Trust | 44.5 | 46.5 | −1.6 | 10.82 |

*Weekly dealing day Wednesday.

**Crescent Unit Tst. Mngrs. Ltd. (a)(g)**
4 Melville Cres., Edinburgh 3 031-226 4931

| | | | | |
|---|---|---|---|---|
| Cres. Amer. Fd. | 31.0 | 33.4 | ..... | 1.12 |
| Cres. Internat'l. | 64.8 | 69.9 | ..... | 2.50 |
| Cres. High. Dist. | 42.0 | 45.3 | −0.2 | 10.76 |
| Cres. Reserves | 47.6 | 51.4 | −1.5 | 5.84 |
| Cres. Tokyo | 20.3 | 21.9 | ..... | 1.00 |

**Dartington Unit Trust Mngt. Ltd.**
Bridge Chambers, Barnstaple, Devon 0271 76324

| | | | | |
|---|---|---|---|---|
| Total Perf. Unit Ts. | 23.8 | 25.2 | ..... | 12.4 |

**Discretionary Unit Fund Managers**
Bilbao Hse, 36/38 New Broad St, EC2M 1NU.
01-638 4485

| | | | | |
|---|---|---|---|---|
| Disc. Inc. July 25 | 222.4 | 237.2 | ..... | 5.41 |

**E. F. Winchester Fund Mngt. Ltd.**
44, Bloomsbury Square, WC1A 2RA 01-623 8893

| | | | | |
|---|---|---|---|---|
| Great Winchester | 17.3 | 19.1 | ..... | 7.48 |
| Gt. Winchester O'seas | 22.6 | 24.9 | ..... | 4.42 |

**Emson & Dudley Tst. Mngmt. Ltd.**
28b Albemarle St., W1. 01-493 3211

| | | | | |
|---|---|---|---|---|
| Emson Dudley Tst. | 80.9 | 87.0 | ..... | 6.00 |

**Equity & Law Un. Tr. M.♥ (a)(b)(c)**
Amersham Rd., High Wycombe. 0494 33377

| | | | | |
|---|---|---|---|---|
| Equity & Law | 83.2 | 87.5 | −0.6 | 4.86 |

**Fidelity International Management Ltd.**
62-63, Queen St., London, EC4R 1AD. 01-248 4891

| | | | | |
|---|---|---|---|---|
| American | 26.8 | 28.9 | +0.2 | 1.16 |
| Fixed Interest | 25.5 | 26.9 | −0.1 | 12.32 |
| Growth + Income | 31.4 | 33.8 | ..... | 7.29 |
| Special Sits. | 33.7 | 36.3 | −0.2 | 2.02 |

**James Finlay Unit Trust Mngt. Ltd.**
10-14, West Nile Street, Glasgow. 041-204 1321

| | | | | |
|---|---|---|---|---|
| J. Finlay Internat'l | 32.4 | 34.8 | ..... | 1.76 |
| Accum. Units | 39.8 | 42.8 | ..... | 1.76 |
| J. Finlay High Income | 35.6 | 38.3 | ..... | 9.52 |
| J. Finlay Euro.Fin. | 22.1 | 23.8 | ..... | 3.81 |
| Accum. Units | 27.6 | 29.7 | ..... | 3.81 |
| J. Finlay Fd.In.Tst. | 37.5 | 40.3 | ..... | 5.65 |
| Accum. Units | 46.3 | 49.7 | ..... | 5.65 |

Prices on July 30. Next dealing August 6.

**Framlington Unit Mgt. Ltd. (a)**
64, London Wall, EC2M 5NQ. 01-628 5181

| | | | | |
|---|---|---|---|---|
| American July 28 | 55.6 | 59.2 | ..... | 1.11 |
| Am. T'around July 28 | 55.0 | 58.8 | ..... | 1.97 |
| Capital Tst. | 56.8 | 60.6 | +0.2 | 5.45 |
| (Accum. Units) | 57.6 | 61.4 | ..... | 5.45 |
| Extra Income Trust | 49.6 | 53.0 | ..... | 10.30 |
| Income Tst. | 38.8 | 41.4 | ..... | 8.18 |

[illegible]

## INSURANCE PROPERTY BONDS

[illegible]

## OFFSHORE & OVERSEAS FUNDS

**Albany Fund Management Limited**
P.O. Box 73, St. Helier, Jersey. 0534 73933

| | | | | |
|---|---|---|---|---|
| Albany $ Fd. (C.I.) | US$155.46 | 157.48 | ..... | 1.47 |

Next dealing Sept. 1.

**Alexander Fund**
37, rue Notre-Dame, Luxembourg.

| | | | | |
|---|---|---|---|---|
| Alexander Fund | US$11.67 | — | ..... | — |

Net asset value July 21.

**Allen Harvey & Ross Inv. Mgt. (C.I.)**
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

| | | | | |
|---|---|---|---|---|
| AHR Dollar Inc. Fd. | US$10.12 | 10.13 | ..... | 9.60 |
| AHR Gilt Edg.Fd. | £12.63 | 12.69 | ..... | 12.66 |

**Alliance International Dollar Reserves**
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.: ACMI, 319 High Holborn WC1. 404 0377
Daily dis.: July 31. 0.000225 (8.6% pa)

[illegible]

Continued on previous page

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

### Five to Fifteen Years

### Over Fifteen Years

### Undated

## INTERNATIONAL BANK

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

| | | | | | | |
|---|---|---|---|---|---|---|
| 1A | 10 | Aust. 5½pc '81-82 | 90 | 29.2 | 6.23 | 13.59 |
| 1J | 10 | Do. 6pc 1981-83 | 84¼ | 30.4 | 7.20 | 12.23 |
| 1Ja | 1J | N.Z. 7¼pc 1988-92 | 65¾ | 2.6 | 11.12 | 15.09 |
| 15J | 15D | Do. 7¼pc '83-86 | 80½ | 9.40 | 9.43 | 12.49 |
| 1M | 1N | Sth. Africa 9½pc '79-81 | 96 | 27.3 | 10.14 | 15.06 |
| 1A | 10 | Sth. Rhod. 2½pc '65-70 | 153# | 3.66 | — | — |
| 15Ja | 15J | Do. 6pc '78-81 | 167# | 12.65 | — | — |

## LOANS

### Public Board and Ind.

### Financial

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Apr. | Oct. | Hudson's Bay || | 930pxd | 11.7 | $1.20 | — | 4.9 |
| Jan. | July | Hud.B.Oil G. $2½ | 12⅝ | 24.5 | h57½ | — | 1.7 |
| Mr.Je.S.D. | | Imperial Oil|| | 16⅜ | 28.2 | $1.40 | — | 3.3 |
| Jan.Ap.Jy.O. | | Inco|| | 940pxd | 31.7 | 72c | — | 2.9 |
| F.My.Au.N. | | Int. Nat. Gas $1 | 555p | 30.10 | $1.00 | — | 6.8 |
| Mr.Je.S.D. | | Massey Ferg.|| | 325p | 11.77 | — | — | — |
| — | | Place Gas $1 | 117p | — | — | — | — |
| June | Dec. | Rio Algom | 12¾ | 26.10 | $1.50 | — | 4.5 |
| M.Je.S.D. | | Royal Bk.Can. $2 | 28xd | 25.7 | $2.56 | — | 4.9 |
| SeDeMrJu | | Seagram Co. C$1 | 24⅛ | 21.5 | $US1.10 | — | 2.0 |
| F.MyAuN. | | Tor. Dom. Bk. $1. | 12 | 27.3 | $1.36 | — | 4.3 |
| J.Ap.Jy.O. | | Trans Can. Pipe | 920p | 26.6 | $1.16 | — | 4.8 |

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[illegible]

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[illegible]

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[illegible]

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[illegible]

## RUBBERS AND SISALS

[illegible]

## TEAS

### India and Bangladesh

[illegible]

### Sri Lanka

[illegible]

### Africa

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Finance

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]



## MINES—Continued

### Australian

[illegible]

### Tins

[illegible]

### Copper

[illegible]

### Miscellaneous

| Dividends Paid | | Stock | Price | Last xd | Div Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| — | | Anglo-Dominion | 150 | — | — | — | — |
| — | | Barymin | 60 | — | — | — | — |
| — | May | Burma Mines 10p | 14 | 14.4 | 0.62 | 1.1 | 6.4 |
| — | | Colby Res. Corp. | 140 | — | — | — | — |
| Aug. | Feb. | Cons. Murch. 10c. | 310 | 30.6 | M Q10c | 1.8 | 18.5 |
| — | | ††Hemerdon 10c. | 105 | — | — | — | — |
| — | | Northgate C$1 | 380 | 9.77 | — | — | — |
| Jan. | July | R.T.Z. | 465 | 12.5 | 15.0 | 3.2 | 4.6 |
| — | | Robert Mines | 25 | — | — | — | — |
| — | | Sabina Inds. C$1. | 29 | — | — | — | — |
| — | | ††SWCM 10p | 41 | — | — | — | — |
| — | | Tara Expln. $1 | 460 | — | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * *Highs and Lows marked thus have been adjusted to allow for rights issues for cash.*
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H *Dividend and yield based on prospectus or other official estimates for 1980-81.* K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | | IRISH | | |
|---|---|---|---|---|---|
| Albany Inv. 20p | 32 | ...... | Conv. 9% '80/82 | £92 | ...... |
| Bertam | 16 | ...... | Nat. 9¾% 84/89 | £80 | −¼ |
| Bdg'wtr. Est. 50p | 440 | −5 | Fin. 13% 97/02 | £95 | −¼ |
| Clover Croft | 60 | ...... | Alliance Gas | 48 | ...... |
| Craig & Rose £1 | £11 | ...... | Arnott | 200 | ...... |
| Fife Forge | 32½ | ...... | Carroll (P.J.) | 63 | ...... |
| Finlay Pkg. 5p | 17 | −2 | Clondalkin | 123 | ...... |
| Graig Ship. £1 | £14xd | −½ | Concrete Prods. | 73 | −2 |
| Higsons Brew | 72 | ...... | Heiton (Hldgs.) | 29 | −4 |
| Holt (Jos) 25p | 258 | ...... | Ins. Corp. | 260 | ...... |
| I.O.M. Stm. £1 | 187 | −3 | Irish Ropes | 46 | ...... |
| Pearce (C. H.) | 465 | ...... | Jacob | 31 | −2 |
| Peel Mills | 45 | ...... | T.M.G. | 37 | ...... |
| Sheff. Refrshmt | 102xd | ...... | Unidare | 75 | ...... |
| Sindall (Wm.) | 142 | ...... | | | |

## OPTIONS

### 3-month Call Rates

| | | | | | |
|---|---|---|---|---|---|
| **Industrials** | | I.C.I. | 27 | Utd. Drapery | 6½ |
| A. Brew | 7 | "Imps" | 6½ | Vickers | 12 |
| BOC Intl. | 6 | I.C.L. | 14 | Woolworths | 5½ |
| B.S.R. | 4½ | Inveresk | 4 | | |
| Babcock | 8 | Ladbroke | 15 | **Property** | |
| Barclays Bank | 34 | Legal & Gen. | 15 | Brit. Land | 7 |
| Beecham | 10 | Lex Service | 8 | Cap. Counties | 9 |
| Blue Circle | 25 | Lloyds Bank | 24 | Land Secs. | 24 |
| Boots | 16 | "Lofs" | 3½ | MEPC | 17 |
| Bowaters | 15 | London Brick | 6 | Peachey | 13 |
| B.A.T. | 28 | Lucas Inds. | 17 | Samuel Props. | 12 |
| Brown (J.) | 6 | "Mams" | 14 | Town & City | 2 |
| Burton 'A' | 18 | Mrks. & Spncr | 8 | | |
| Cadburys | 5½ | Midland Bank | 26 | **Oils** | |
| Courtaulds | 8 | N.E.I. | 5 | | |
| Debenhams | 8 | Nat. West. Bank | 27 | Brit. Petroleum | 32 |
| Distillers | 17 | P & O Dfd. | 10 | Burmah Oil | 20 |
| Dunlop | 7½ | Plessey | 14 | Charterhall | 10 |
| Eagle Star | 15 | Racal Elect. | 22 | KCA | 11 |
| F.N.F.C. | 2¼ | R.H.M. | 4½ | Premier | 13 |
| Gen. Accident | 21 | Rank Org. | 15 | Shell | 35 |
| Gen. Electric | 30 | Reed Intnl. | 16 | Tricentrol | 40 |
| Glaxo | 18 | Sears | 5 | Ultramar | 35 |
| Grand Met. | 12 | Tesco | 6 | | |
| G.U.S. 'A' | 34 | Thorn | 29 | **Mines** | |
| Guardian | 23 | Trust Houses | 12 | Charter Cons. | 14 |
| G.K.N. | 20 | Tube Invest. | 25 | Cons. Gold | 40 |
| Hawker Sidd | 15 | Unilever | 40 | Lonrho | 8 |
| House of Fraser | 15 | U.D.T. | 5½ | Rio T. Zinc | 35 |

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FINANCIAL TIMES
Monday August 4 1980



FT SURVEY OF BUSINESS OPINION

# Wage levels lose importance

BY PETER RIDDELL AND DAVID MARSH

FALLING demand is currently *a more important* influence on the size of companies' work-forces than labour costs, the latest Financial Times survey of business opinion suggests this morning.

The number of companies referring to the lack of present or forecast demand as a factor affecting the number of employees is double the number mentioning high wages or other labour costs. *Moreover*, the demand constraint has become relatively much more significant *in the past few months*.

This indicates that companies do not regard the recent rise in redundancies as predominantly a matter of workers pricing themselves out of their jobs.

The survey, which was carried out mainly in the first half of last month after the cut in Minimum Lending Rate, confirms other recent evidence of a deepening recession.

All the main indicators of expected activity—new orders, order books, deliveries and projected output—have declined sharply in recent months to the lowest levels *for four or five* years. Capital investment is also being cut and most companies *plan to reduce* their labour forces.

This is in line both with the results of last week's Confederation of British Industry industrial trends survey and with daily reports from individual companies.

Industrialists appear, however, to be making an important distinction between the generally tough prospects for their individual companies and a possible improvement in the long-term outlook for the economy as a whole.

The FT survey shows an *increased degree of pessimism* compared with four months ago about company prospects but greater optimism about the outlook for the UK economy.

This appears to reflect confidence among some companies about the improved outlook for inflation. *But this increased* optimism is heavily qualified and relates to the long-run *rather than to the immediate* future.

The detailed questions on inflation point to some moderation in the pressure of higher wages and other costs over the next year. But most companies still expect wages to rise by 15 per cent or more over the next 12 months, contrary to Government hopes and recent reports of much lower settlements in the Midlands.

**Details, Page 6**
**Depression at the TUC, Page 14**

# Takeover bid for Highland vetoed

BY DAVID CHURCHILL

**THE £80m takeover bid by the Canadian drinks group Hiram Walker, Gooderham and Worts for Highland Distilleries, makers of the Famous Grouse Scotch whisky, has been vetoed by the Monopolies and Mergers Commission.**

**The *Commission's report*, which took six months to complete, is due to be published tomorrow. The Commission has decided that it would not be in the public interest for control of Highland Distilleries to pass out of UK hands.**

**Hiram Walker's 130p a *share cash offer for Highland* Distilleries, which valued the company at about £80m, was *made last December and im*mediately rejected. Highland then undertook a spirited seven-week campaign against the proposed takeover which culminated in the Department of Trade's decision to refer the bid to the Monopolies and Mergers Commission. This effectively halted the takeover attempt until the Commission had completed its investigation.**

***The Commission's decision* to block the proposed takeover will be seen by Highland *and its supporters as justifica*tion of its campaign against the bid.**

**Highland repeatedly made clear that it did not consider a successful takeover attempt in the best interests of either the industry, employees, or shareholders for a takeover attempt—especially one by an overseas company.**

**The bid was referred to the Commission under the criteria that the assets involved were over £5m rather than because a significant market share *would* have been created. Hiram Walker has only a small stake at present in the Scotch whisky industry while Highland's Famous Grouse brand, although having a significant market share in Scotland, does not have the same degree of penetration throughout the UK. It is estimated to have some 7 per cent of the UK whisky market.**

**One of the factors in the Commission's decision was the effect of a takeover on the *availability* of non-matured malt whisky for other producers for blending. Part of *Highland's production is used* for this purpose.**

**The Commission also looked at the impact of the merger on the efficiency of the two companies, the effect on exports, and on employment levels within the industry.**

**But the main factor was believed to have been concern that control of yet another independent Scotch whisky producer would have gone outside the UK.**

# Mid-East talks face long delay

By Our Foreign Staff

**THE MIDDLE EAST talks on Palestinian autonomy face a lengthy suspension with signs yesterday that both Egypt and Israel are setting conditions for their resumption.**

**President Anwar Sadat of Egypt announced he was delaying the latest session of autonomy talks, scheduled to begin in Alexandria yesterday, until he received a "positive" reply to a note sent to Mr. Menahem Begin, the Israeli Prime Minister, and President *Jimmy* Carter.**

**The note protested at the passage of the Israeli law last Wednesday declaring Jerusalem the "undivided capital" of Israel. It said that Egypt did not recognise the annexation and considered it illegal.**

**Israel and the U.S., which is an equal partner in the negotiations, have been asked *to delay* sending their delegations to Alexandria.**

**General Kamal Hasan Ali, Egypt's Foreign *Minister*, said that *the* note urged Mr. Begin "to shoulder his commitments under *the* Camp David accords and not to put obstacles on the road to peace, so that *negotiations* can continue in a positive and suitable manner."**

**He said the talks were not suspended, but that Egypt was waiting "for removal of those obstacles." *He did not specify* what Israel would have to do to restart the talks.**

***Although there was no im*mediate formal reaction from Israel, officials were clearly *stung by Egypt's demand that* Israel must remove obstacles to peace before the talks could be resumed.**

**An indication of the Israeli mood was given during yesterday's Cabinet meeting at which Mr. Begin is understood to have said nobody should be alarmed if Egypt suspended the autonomy talks.**

**After the Cabinet meeting Mr. Yosef Burg, the Israeli Interior Minister and chief delegate to the autonomy talks, *said Israel was not* disposed "to come running to talks whenever someone whistled." The implication was that Israel would this time impose conditions of her own before returning to the autonomy negotiations.**

**Egypt's unexpectedly tough stand is intended to put the *onus for any prolonged break*down of the talks on Israel. Mr. Sadat has been under *pressure to make some gesture of protest*.**

**AP reports from Jerusalem: Mr. Begin denied yesterday that he intended to quit before his full term of office and call for new elections.**

**"We are not going to work for new elections," he said, after he was quoted by both *the state radio and the* Deputy Prime Minister as saying he favoured an early *vote*.**

# Pay policy talks at NEDC

BY JOHN ELLIOTT AND CHRISTIAN TYLER

UNION LEADERS are to be *forced* this week by the Government to face up to their first major debate on pay policy *within* the National Economic Development Council, when they will be told firmly of Ministers' determination to bring down the level of public sector pay settlements this winter.

The significance of the debate will be heightened by an announcement, expected today from the Prime Minister, that the Clegg Commission on pay comparability is being wound up. *This links with the Govern*ment's determination to make cash limits, rather than comparability systems, the most important factors affecting various public sector pay settlements.

Sir Geoffrey Howe, the Chancellor of the Exchequer, has underlined this Government stance in a paper on pay, prices and unemployment circulated to members of the National Economic Development Council. It will be debated at the council's meeting on Wednesday.

Until recently, Ministers have avoided direct policy statements on pay at NEDC meetings because of trade union opposition. But the subject of wage increases has arisen more frequently during recent debates on wide-ranging economic matters, and this week Sir Geoffrey Howe is stating bluntly that "excessive pay settlements can only retard progress" towards economic recovery.

He says that the Government will operate cash limits more strictly and that there will be *the "firmest possible discipline"* on public sector pay. He cites the Government's decision to *curb rises proposed by the Boyle* Review Bodies for top public servants and MPs as evidence that "established practices will if necessary be called into question to ensure that public sector settlements come down in parallel with the need for more realistic settlements in the private sector."

This will be underlined with today's expected announcement confirming the winding up of the Clegg Commission at the same time as the Commission's ninth report is published.

Mrs. Thatcher will also be replying to a Parliamentary question on three long-standing pay review bodies, concerning top salaries, doctors and dentists, and the Armed Forces.

The Prime Minister is not expected to suggest that these bodies too will be abolished. But the Government's warning last week to civil servants—that cash limits rather than their own comparability body, the *Pay* Research Unit, will be the main factor in fixing their wages in the next round—*suggests that similar considera*tions will be applied to the other public servants.

The Standing Commission was set up under Professor Hugh Clegg by the Labour Government as a means of settling a number of serious public service pay disputes in the so-called "winter of discontent" in 1978-9.

Although its pay awards have by no means always satisfied the unions, the Commission has been seen by the Government as an engine of inflation in an area *where* now Ministers are determined to set a restraining example.

***Picketing code likely tomorrow,* Page 6**

# Union seeks larger funds role

BY CHRISTIAN TYLER, LABOUR EDITOR

PLANS TO strengthen the influence of trade unionists over the way pension funds are invested so that more money is directed into British industry will be debated at the annual Trades Union Congress next month.

The country's third largest union, the General and Municipal Workers, is trying to win TUC support for a new initiative with the aim of giving worker trustees the expertise both to challenge pension fund managers and *jointly to pursue* trade union policies at their meetings.

*Although the number of* worker trustees is growing with the approval of many fund managers, they have had little impact on the big investment decisions. Many worker trustees are also very cautious because they feel the weight of their responsibility to secure the best financial return on their colleagues' money.

But the GMWU has been prompted to urge a new line of attack by the abolition of exchange controls, the growth of overseas investments by pension funds—in U.S. property, for instance—and the decline of British industry and manufacturing employment.

The union wants the TUC to help set up consortia of trade unions in various industrial sectors which would monitor the performance of self-managed pension funds. These consortia *would employ or buy outside* professional help, and unions themselves would step up the *amount of training they give*.

In the longer term, the GMWU would like to see a trade union lending institution—a kind of merchant bank—whose assets would be provided by the unions' own occupational pension funds and perhaps those of some smaller companies.

The GMWU's ideas are, in effect, a rearguard action to promote shop-floor influence over investment at a time when there is likely to be little help from Government.

Labour's White Paper, recommending a 50-50 trade union representation on pension funds, was never translated into statute. Nationalisation of the banks and major insurance companies failed to win Labour Party conference approval.

More recently, only a minority of the Wilson Com*mittee on City institutions sup*ported the idea of a national £2bn lending facility using *pension fund money* underwritten by North Sea oil revenues.

Although the GMWU expects its motion for debate at the TUC to be broadly accepted by the TUC general council, it also expects some opposition from those who believe trade unions have no business helping to make capitalism work.

# Italy stunned

Continued from Page 1

Historical and circumstantial evidence *points* to the extreme *Right*, *whose* preferred techniques include random bombing in public places.

*Italy's three previous worst* terrorist explosions were the work of neo-Fascists: the Milan bank bombing of December 1969, when 16 people died, the explosion in Brescia's central square in May 1974, which killed eight, and the time bomb on the Italicus express train four months later, which took 12 lives.

Saturday's massacre was almost exactly six years after the Italicus *disaster*, *and two* days after a Bologna magistrate setn four neo-Fascists for trial in connection with the bombing.

The Bologna explosion could *mark the start of a third* chapter of the extremist violence which sprang from the unfulfilled hopes of student turbulence in 1968.

The first, which began with Milan and ended with the Italicus explosion in 1974, was of the far Right. This was the so-called "strategy of tension," aimed at creating the climate for an authoritarian regime to check the progress of the Com*munist Party towards power*.

The second, of the far Left began in 1976. It involved the Red Brigades and other extremist groups, and culminated in 1978 with the kidnap and *murder of Sig. Aldo Moro*.

The NAR has operated only since 1977

There is no immediate explanation for Saturday's outrage. Police suspicions arise from proof of previous links between neo-Fascists and the subsequently re-organised secret services, and from the view that terrorism in Italy has an international dimension, reflecting the country's strategic importance in Southern Europe.

# Money supply rises

Continued from Page 1

The Government and the markets both now face problems *in trying to isolate any unwind*ing and in distinguishing it from changes in the underlying *demand for credit. The authori*ties have stressed their concern but uncertainty about the *underlying trend and poor pub*lished figures have strengthened the case for caution.

*A further difficulty is that the* one point cut in MLR in early July anticipated rather than *followed a slowdown in the rate* of monetary growth. Consequently, the credibility of the *Government's strategy might* be tested if there are further substantial cuts in MLR before there is *clearer* evidence of a slowdown.

Despite the poor figures due *tomorrow*, Government economic strategists believe the money supply is under reasonable control. The true lesson of the figures is that until a few months ago the underlying rise was really 16 to 17 per cent a *year, which was hidden by the* published figures. This compares with a 7 to 11 per cent *target rate of increase*.

This reassessment of past monetary growth helps to explain the inflationary upsurge and imports rise in 1978-79—which previously seemed puzzling. There are many in the Treasury who would like to stick very large metaphorical pins in those at the Bank of England who invented the corset as far back as 1973.

## Severe

The present squeeze is pretty severe, not so much because of monetary and fiscal policy, but because of the high exchange rate. Nevertheless, it is claimed in Whitehall that industrialists exaggerate the competitive deterioration by making comparisons with periods when sterling had fallen to a very low rate, particularly the end of 1976. The true level of competitiveness is seen as about *15 per cent worse than the* previous norm and only slightly worse than before the 1967 *devaluation and the 1972 down*ward float of sterling.

In contrast to these two *periods, North Sea oil is sus*taining the balance of payments. Policymakers would not like to *see a fall of more than a very* few points at most in the the real exchange rate because of *its role in the counter-inflation* strategy.

Treasury ministers and officials accept the *case for* a higher level of public sector borrowing if the excess is entirely due to the recession, but this has not happened yet. Indeed, the recession is no more severe than ministers had been advised previously to expect. The main difference is that the current account of the balance of payments is doing better than the official forecasts suggested while the pressures at home are somewhat more severe.

## Vacancies

When the economy starts to recover, unfilled vacancies would normally begin to rise before the turnround in unemployment. Government economic strategies are hoping for the first signs of this in the autumn of 1981. Meanwhile, the problem is seen as holding the line.

There is a strong desire in the Treasury to concentrate *special* unemployment measures on youth rather than spread them thinly across the board. There is an even stronger insistence that they must be financed by transfers from other public spending programmes.

# Weather

**UK TODAY**

BRIGHT periods but changeable.

**S.W. and Central S. England, Midlands, Wales, Channel Isles, N.W.**

Sunny periods, rain spreading from S.W. Max. 21C (70F).

***Lake District, S. Scotland,* N. Ireland**

Rain and fog clearing, some sunshine. Max. 21C (70F).

**London, S.E. and E. England**

Rain at first, sunny intervals developing. Max. 21C (70F).

**N. Scotland**

Rain, some fog. Max. 17C (63F).

***Outlook:*** Changeable.

**WORLDWIDE**

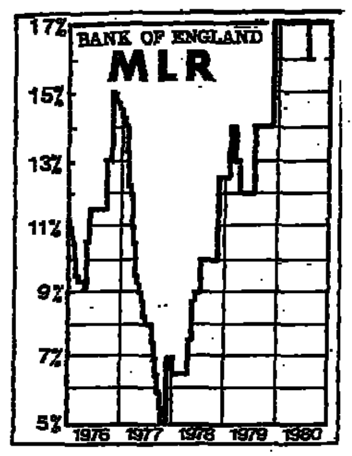
| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 30 | 86 | Lisbon | S | 26 | 79 |
| Algiers | S | 29 | 84 | Locarno | S | 28 | 82 |
| Amsdm. | S | 27 | 81 | London | F | 22 | 72 |
| Athens | S | 31 | 88 | Luxmbg. | F | 26 | 79 |
| Bahrain | S | 37 | 99 | Luxor | S | 39 | 102 |
| Barclna. | C | 27 | 81 | Madrid | S | 31 | 88 |
| Beirut | S | 30 | 86 | Majorca | S | 31 | 88 |
| Belfast | C | 18 | 64 | Malaga | S | 32 | 90 |
| Belgrd. | S | 30 | 86 | Malta | S | 31 | 88 |
| Berlin | S | 30 | 86 | M'chstr. | C | 20 | 68 |
| Biarritz | F | 23 | 73 | Melbne. | C | 16 | 61 |
| Bmghm. | C | 21 | 70 | Milan | S | 31 | 88 |
| Blackpl. | C | 21 | 70 | Moscow | F | 26 | 79 |
| Bordx. | C | 24 | 75 | Munich | S | 32 | 90 |
| Boulgn. | F | 18 | 64 | Nairobi | C | 21 | 70 |
| Bristol | C | 20 | 68 | Nantes | S | 32 | 90 |
| Brussels | F | 27 | 81 | Nwcstl. | C | 17 | 63 |
| Budpst. | S | 29 | 84 | Nice | S | 28 | 82 |
| B. Aires | C | 13 | 55 | Nicosia | S | 32 | 90 |
| Cairo | S | 36 | 97 | Oporto | S | 21 | 70 |
| Cardiff | C | 19 | 66 | Oslo | F | 22 | 72 |
| Cas'b'ca | S | 23 | 73 | Paris | F | 27 | 81 |
| Cape T. | S | 20 | 68 | Perth | C | 18 | 64 |
| Cologne | S | 24 | 75 | Prague | S | 28 | 82 |
| Conhgn. | S | 24 | 75 | Reykjvk. | F | 13 | 55 |
| Corfu | S | 33 | 91 | Rhodes | S | 31 | 88 |
| Dublin | C | 16 | 61 | Rio J'o | S | 25 | 77 |
| Dbrvnk. | S | 29 | 84 | Rome | S | 32 | 90 |
| Ednbgh. | R | 15 | 59 | Salzbrg. | S | 32 | 90 |
| Faro | S | 26 | 79 | S. Fsco | C | 16 | 61 |
| Florence | S | 34 | 93 | Singapr. | C | 30 | 86 |
| Frankft. | F | 25 | 77 | Stckhm. | S | 23 | 73 |
| Funchal | S | 23 | 73 | Strasbg. | S | 32 | 90 |
| Geneva | S | 29 | 84 | Sydney | S | 17 | 63 |
| Gibrltr. | S | 28 | 82 | Tangier | S | 25 | 77 |
| Glasgow | R | 16 | 61 | Tehran | S | 30 | 87 |
| G'rnsey | S | 17 | 63 | Tel Aviv | S | 28 | 82 |
| Helsinki | R | 16 | 61 | Tenerife | S | 24 | 75 |
| H. Kong | S | 31 | 88 | Tokyo | R | 21 | 70 |
| Innsbrk. | S | 31 | 88 | Tunis | S | 36 | 97 |
| Invrnss. | C | 16 | 61 | Valencia | C | 27 | 81 |
| I.o Man | C | 16 | 61 | Venice | S | 30 | 86 |
| Istanbul | S | 28 | 82 | Vienna | S | 29 | 84 |
| Jersey | C | 20 | 68 | Warsaw | S | 25 | 77 |
| Jo'burg | S | 20 | 68 | Zurich | S | 30 | 86 |
| L. Plms. | S | 24 | 75 | | | | |

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

# The targets that are never hit

The City is hard on companies which make profit forecasts and fail to reach them, even when their shortcomings are the result of an unforeseeable change in external conditions or the rules of the game. But the Government's persistent failure to hit its monetary targets, despite its ability to alter the rules of, say, tax collection dates to suit itself, is accepted with an indulgent shrug. Perhaps it is understood that the targets represent an unattainable ideal, *whatever the Red Book says*.




The record of the last few years is certainly unimpressive. *The Labour Government* gleefully overshot the sterling M3 element of its 1977-78 targets, and then performed the same trick again in its final months in office. Sir Geoffrey Howe conveniently based his target range—apparently one point tighter, 7 to 11 per cent as against 8 to 12 per cent—on the excessive level bequeathed to him, overshot, re-affirmed his commitment to tight monetary *policy (a recurring theme) by* extending the range for a further six months, overshot again, rebased again, and was, when last sighted, busy overshooting. The fudging implicit in his last rebasing was supposed to give headroom to allow the off-balance-sheet financing thrown up by the corset scheme to return to the measured statistics. Now we are told that this very large amount of money will be ignored when it does come back.

The authorities cannot complain that the institutions which buy gilt-edged stock have been unco-operative; they have *bought stock faithfully*. One reason may be that the money targets, just like the targets for *the public sector borrowing* requirement, always work in the authorities' favour, since it is never entirely clear that they are going to be missed for any given period until the period is over. By that time everyone is happy to concentrate on the promises of determination and probity being made for the year to come.

Nor do the investing institutions—who are structural optimists because of their monthly cash flow—seem to worry too much that every *adjustment* to the prevailing targets (with the single exception of this year's Budget) has *been accompanied by a rise in* Minimum Lending Rate.

But none of this much matters *any more, since it is* public knowledge that the Government has got tired of waiting for the money figures to give the right signal. At this point the statisticians are given an opportunity to come into their own. The Bank of England's private sector liquidity measures, for instance, are being given a *monthly* airing in public just at the moment when—thanks to the dismantling of the corset—*they* are to become less rather than more buoyant than sterling M3.

This is not to suggest that the one-point cut in MLR a *month* ago was unjustified. Most analysts have been happy to accept that the monetary targets are scarcely less likely to be hit with MLR at 16 per cent than at 17 per cent. And those who like to read subtlety as well as opportunism into official actions were able to argue that since inflation was falling, real interest rates were actually rising.

But there remains a fundamental problem, which is that no one really knows how tight the targets really are—or are *supposed to be*. Superficially, with inflation accelerating to above 20 per cent, and now be*ginning to fall*, they have been not only tight, but tight and fluctuating. The argument that the economy should adjust to the majestically regular progress of the money stock wears a little thin when the Government insists on taking measures—such as the increase in value added tax—which increase the demand for money. Just at the moment the nationalised industries are busy massaging the retail price index upwards again.

For much of the past year, of course, monetary policy has been nothing like as tight as a comparison of sterling M3 growth with the rate of infla*tion would suggest, since the* corset has caused the rate of monetary growth to be significantly understated by the official figures. The PSL1 measure, for instance, has grown at an annualised 18 *per cent* since the February base date. In spite of the depth of the recession the authorities have not yet reached the point at which they need to worry about a possible undershooting of the money stock; indeed, there is a danger that the last few months' overshoot, the full extent of which has been disguised by corset evasion, will feed through into prices during the coming wage round. The lowering of inflationary expectations that is now taking place will be helped along by the July retail price figures, but it remains a fragile *development*.

## Classification

The last major revision of the FT-Actuaries classification of quoted companies was *carried* out in 1977, but it already seems to have been overtaken by events. Now the committee of actuaries which watches over the indices has proposed a further series of changes. The *light electronics companies*, including Thorn EMI, move over into a new leisure group, together with TV and radio and hotels and caterers. However, Grand Metropolitan will move into the newly *consolidated* breweries, wines and spirits section. Meantime, pharmaceuticals, a comparatively new group, is transformed into a health and household products category, while the toys and games sector disappears.

The increasing diversification of big UK companies represents a major headache for any committee trying to devise coherent categories. The difficulties show up in sections like newspaper and publishing, where the North Sea involvement of Thomson and *Associated* Newspapers can make movements in the index a poor guide to com*parative performance*. *One* suggested solution is the proposed introduction of two *additional miscellaneous* indices—covering consumer and capital goods. But it may well be that investing institutions will find performance comparison with a miscellaneous category of very little use.

One of the underlying aims of the committee seems to be the creation of categories of roughly comparable size, in the case of miscellaneous categories as in others. But would it be more useful for comparative purposes to treat the miscellaneous categories as true residuals, and move companies like Sears into stores and English China Clay into *building materials*? *The Joint* Investment and Index Committee of the Institute and Faculty *of Actuaries welcomes views* on the proposed changes—by the middle of September, please.



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